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Algeria	6.00	Dn	Jan	115	Pan	Den	1.000	Pan
Austria	2.50	Br	Jan	105	Port	145	Esc	
Bahamas	0.80	Br	Jan	1.000	Den	1.000	Den	
Bahrain	5.00	Br	Jan	5.00	Port	145	Esc	
Belgium	3.10	Br	Jan	5.00	Port	145	Esc	
Bolivia	0.10	Br	Jan	5.00	Port	145	Esc	
Brazil	0.10	Br	Jan	5.00	Port	145	Esc	
Canada	0.10	Br	Jan	5.00	Port	145	Esc	
Chad	0.10	Br	Jan	5.00	Port	145	Esc	
China	0.10	Br	Jan	5.00	Port	145	Esc	
Cuba	0.10	Br	Jan	5.00	Port	145	Esc	
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Egypt	0.10	Br	Jan	5.00	Port	145	Esc	
France	0.10	Br	Jan	5.00	Port	145	Esc	
Germany	0.10	Br	Jan	5.00	Port	145	Esc	
Greece	0.10	Br	Jan	5.00	Port	145	Esc	

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PARIS, MONDAY, MARCH 14, 1988

ESTABLISHED 1887

Soviet Missile Subs Shift Patrol Focus To Europe's Waters

By John H. Cushman Jr.
New York Times Service

WASHINGTON — The Soviet Union recently has stopped assigning nuclear missile submarines to patrol off the Atlantic coast of the United States, according to the director of U.S. naval intelligence, and is diverting them to European waters instead.

The move appears intended to compensate for the loss of land-based SS-20 medium-range nuclear missiles targeted against Europe, Rear Admiral William O. Studeman told the House Armed Services seapower subcommittee. Those missiles are to be destroyed under terms of the new arms control agreement signed by the United States and the Soviet Union.

Admiral Studeman's testimony, at a closed hearing March 1, was released by the Pentagon.

While the admiral said the shift in submarine operations would leave the strategic balance between the United States and the Soviet Union "essentially unchanged," it represents the first concrete sign of how the Soviet Union will adjust its nuclear forces once the treaty takes effect.

In an interview with The Associated Press in Belgium, General John R. Galvin, the NATO commander, said Soviet moves to reorganize its missile forces had been expected and did not violate the treaty.

The United States is expected to compensate in similar ways, such as shifting other weapons to cover important targets.

Without providing details, General Galvin, an American, said the



ARMENIANS RALLY IN MOSCOW — With a banner reading "Karabakh was Moscow to demand that the Nagorno-Karabakh region, now attached to the Azerbaijan Republic in Soviet Central Asia, be restored to Armenian control."

For '88 Front-Runners, Caution Has Its Rewards

By Paul Taylor
Washington Post Service

WASHINGTON — Woody Hayes, the legendary football coach at Ohio State University, never managed a presidential campaign, but his gift to strategic doctrine — "three yards and a cloud of dust" — has been adapted to great effect by the leading Republican and Democratic candidates this year.

Vice President George Bush and Governor Michael S. Dukakis of Massachusetts are both steady, honorable, nonflashy public servants who know how to make large organizations work.

Both care about process and fairness at least as much as they care about direction and results, and both have run their campaigns just as they have managed their careers: carefully, cautiously, step by step.

Their speeches are as measured as their actions. They are not the kind of candidates who wrap themselves in the veils of mystery or the party's acclamation and Mr. Dukakis holding a less conclusive lead in a much murkier contest, are not merely a tribute to management skills. They also suggest an electorate that is troubled about the nation's economic future, but has not heard anyone come up with a convincing fix and has decided that the best choice is a pair of steady hands.

Out on the stump, Mr. Bush and Mr. Dukakis exude no passion. Their speeches do not even acknowledge, much less try to grapple with, the fact question of 1988: Is America an empire in decline?

It was not Mr. Dukakis, but Representative Richard A. Gephardt of Missouri, who pumped the first big dose of energy into the Democratic campaign in January when he began delivering his America-first message on trade.

On the Republican side, it is Pat Robertson, the former television evangelist, who gets the loudest applause by telling audiences: "Why do we picky-picky on these little things while the whole nation is in danger of becoming No. 2? I'm not going to see America crash and burn. We want to be No. 1."

But last week, in the "Super Tuesday" contests in 20 states, Mr. Gephardt and Mr. Robertson crashed and burned. They are likely soon to join the ranks of the others who have quit the 1988 campaign: Bruce Babbitt, the former Arizona governor; Representative Jack F. Kemp of New York; former Senator Gary Hart of Arizona; former Governor Pierre Du Pont 4th of Delaware; Alexander M. Haig Jr., the former U.S. secretary

of state. All were candidates who offered boldness, either in their policy proposals or in their temperaments, persons and world view.

Not Mr. Bush and Mr. Dukakis. Their speeches steer away from solutions. They offer no gold standard to stabilize a gyrating dollar, no flashy, quick-fix responses to budget or trade deficits. Most strikingly, they are silent on the whole notion of decline and malaise.

One reason for this avoidance of hand-wringing hyperbole may be that both are politicians who have felt the sting of electoral defeat. That experience sensitized them to one of the lessons that President Jimmy Carter's failed bid for reelection left for would-be presidents: In the United States, misery does not love company, at least not at the highest levels of government.

So what do Mr. Bush and Mr. Dukakis say about a nation that seems to be losing pre-eminence in the world economy order?

Mr. Bush: "I believe Americans want to compete rather than hide."

Mr. Dukakis: "The best America doesn't hide, it competes."

These common chords resound from more than a shared distaste for protectionism. Despite their dissimilar backgrounds, both men had similar values drummed into them by strong parents: Always

Yugoslavia Parallels May Haunt Gorbachev

By Jackson Diehl
Washington Post Service

WARSAW — Mikhail S. Gorbachev, who is to spend four days traveling through Yugoslavia this week, is likely to find a haunting parallel of the changes that nationalism has produced in a Communist state seeking to restructure the Stalinist economic and political system.

As he flies from Moscow to Belgrade on Monday, the Soviet leader

ted and violence between ethnic groups is endemic.

In the republics of Slovenia and Croatia, he may see an equally alarming image of the future Soviet Baltic: well-developed, industrialized enclaves that have used the principles of perestroika, the Kremlin leader's policy of economic restructuring, to pursue their own development and interests at the expense of nationwide economic growth and integration.

Yugoslavia suffered from bitter national rivalries long before Communist rule, and the extremes to which it took political decentralization in the 1970s are unimaginable in the Soviet Union. Nevertheless, much of its troubles with nationalism can be traced to a combination of political and economic factors remarkably similar to those Mr. Gorbachev faces.

The foundation of both countries' conflicts is the economic and political legacy of Stalinism, which was rigidly followed in Yugoslavia from 1945 until its break with Moscow in 1948 and was continued in modified form afterward. The centralist political policies of Stalinism meant that federal agencies and security police dominated by Serbians, Yugoslavia's largest nationality, repressed national aspirations among the country's six republics.

This was particularly true in Kosovo, which was dominated by Serbian authorities and police even though ethnic Albanians formed a large majority of the population. Albanians, who differ from Serbians in language, religion and culture, suffered systematic discrimination by the party bureaucracy.

Meanwhile, Stalinist economic policy set the stage for disaster. Yugoslavia, like the Soviet Union, was characterized by wide differ-

Jackson Triumphs in South Carolina

By Jackson Diehl
Washington Post Service

COLUMBIA, South Carolina — Jesse L. Jackson has triumphed decisively in the battle for South Carolina's 44 Democratic presidential nominating delegates.

Mr. Jackson won 54 percent of the vote in Saturday's caucuses, followed by Senator Albert Gore Jr. with 18 percent, Governor Michael S. Dukakis at 7 percent. Represent-

Spain Offers to Provide Safe Haven for Noriega

By John M. Goshko
Washington Post Service

WASHINGTON — In a gesture intended to help resolve the Panamanian political crisis, Spain has offered to provide General Noriega with asylum in Panama's de facto leader, General Manuel Antonio Noriega, but he so far has refused to go into exile in Spain or another country, diplomatic sources said.

The sources said José Antonio Yanez, principal foreign policy adviser to Prime Minister Felipe Gonzalez of Spain, made the offer during three days of unpublicized talks in Washington last week with Panamanian opponents of General Noriega and in a separate meeting with Elliott Abrams, U.S. assistant secretary of state for inter-American affairs.

In his talk with Mr. Abrams, Mr. Yanez is understood to have said that the offer depends on U.S. agreement not to seek General Noriega's extradition from Spain to face the narcotics trafficking indictments returned against him last month by two federal grand juries in Florida. U.S. officials have not ruled out the possibility of such an arrangement, the sources said.

Spain also has insisted that the United States make clear that any

Kiosk

Iraq Breaks Missile Truce

BAGHDAD (AP) — Iraq said it had fired a missile into Tehran on Sunday in retaliation for Iranian artillery shelling that killed 21 people in Iraqi border towns.

The attack came just two days after the two nations declared a truce following a 12-day missile assault on each other's capitals in which scores of civilians died.

MONDAY Q&A

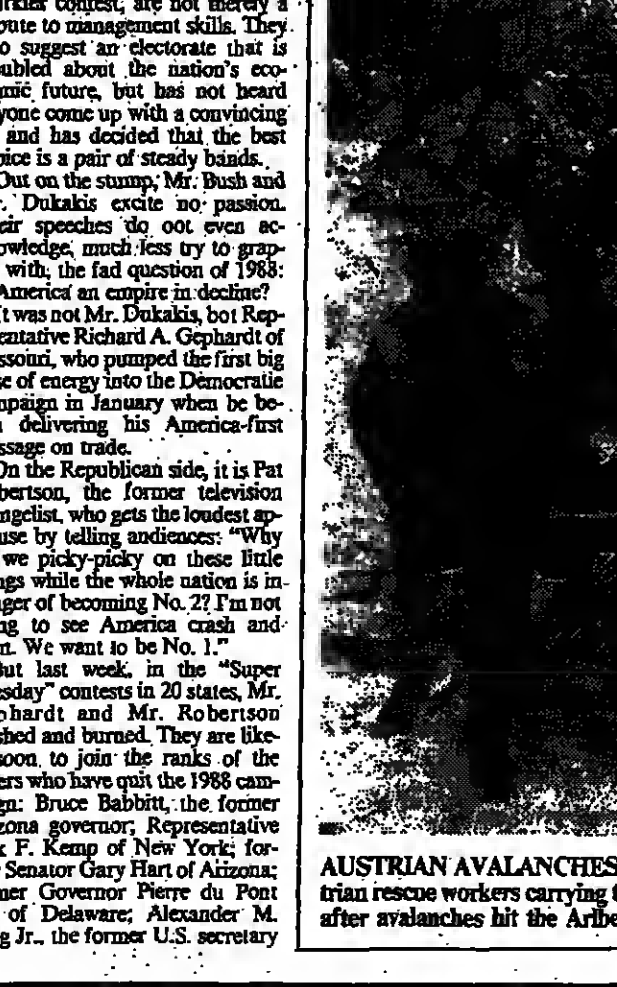
Loret M. Ruppe, director of the Peace Corps, describes its expansion. Page 2.

Business/Finance

Morton Thiokol, maker of boosters for the troubled space shuttle, is likely to sell its aerospace division. Page 15.

Personal Investing

The Tokyo market is experiencing a boom in new issues of small stocks. Page 7-11.



AUSTRIAN AVALANCHES KILL 7 — In St. Anton, Austrian rescue workers carrying the body of one of seven victims after avalanches hit the Arlberg ski village Sunday. Page 5.

U.S. Worried Beijing May Sell Iran Jets

WASHINGTON — U.S. officials were reported to be concerned that China may be on the verge of selling F-7 fighter planes, a Chinese-produced version of the Soviet MiG-21, to Iran.

U.S. intelligence agencies are watching anxiously to see whether China's recent pledge to end deliveries of Silkworm anti-ship missiles to Iran will be expanded to include a cutoff of anticipated sales of several other types of weapons.

Government officials said that the Chinese foreign minister, Wu Xueqian, had pledged during a visit to Washington last week to end sales of Silkworms, which are capable of striking ships passing through the Strait of Hormuz at one end of the Gulf and have been

DISCOVER LEARN

INTERNATIONAL EDUCATION DIRECTOR

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In Japan, Americans Are Being Trained in the 'Toyota Way'

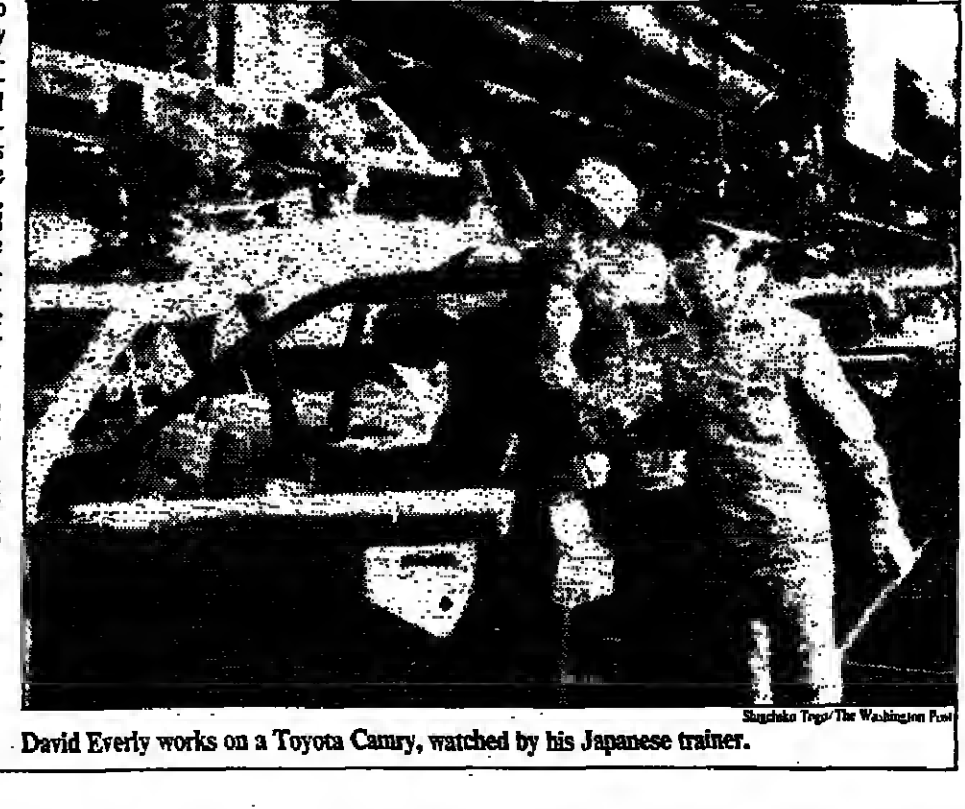
By Fred Hiatt
Washington Post Service

TOYOTA CITY, Japan — David Everly, a 37-year-old visitor from Elizabethtown, Kentucky, struggled to keep pace with the half-built Toyota Camrys inching relentlessly down the assembly line, one every 58 seconds.

All around him, more experienced Japanese workers welded and buffed with seemingly inextinguishable deftness. Mr. Everly, his solid 6-foot (1.8 meter) frame a liability as he ducked and pivoted on a line scaled to smaller bodies, worked up a good American sweat and fell further and further behind.

"They work really hard here," Mr. Everly had said earlier with admiration. "My main job will be to motivate American workers to work as hard and as fast as Japanese workers. Frankly, I think it's going to be a challenge."

Mr. Everly, who will be a "team leader" when Toyota opens its first North American factory this May, in Georgetown, Kentucky, thinks he can do it. Toyota Motor Corp., Japan's biggest automaker and a



David Everly works on a Toyota Camry, watched by his Japanese trainer.

Shamir Tempers Defiance

'Common Ground' Is Still Possible on Shultz Peace Plan

By Glenn Frankel
Washington Post Service

JERUSALEM — Yitzhak Shamir, striking a conciliatory tone, said he still sees "a large common ground" between himself and the Reagan administration on the issue of Middle East peace. Mr. Shamir planned to leave for Washington on Sunday hoping to avert a showdown over the new U.S. diplomatic initiative.

At other times in recent days, Israel's embattled prime minister has spoken in harsh, defiant terms of the new U.S. proposals being pressed by Secretary of State George F. Shultz. He has characterized them at meetings with his right-wing supporters as "a surrender to the rioters" who have staged a three-month uprising of Palestinians in the Israeli-occupied West Bank and Gaza Strip.

The U.S. initiative, Mr. Shamir told his Likud legislative faction, "contradicts not only everything the United States advocated previously, but everything the secretary himself advocated previously."

And he characterized his critics in Congress and among American Jewish leaders as "fair-weather friends" whose attacks only aided "elements hostile to Israel."

[Thousands of Israelis crowded into Tel Aviv's main square on Sunday to support Mr. Shamir's rejection of the U.S. peace plan as he left for Washington. Reuters reported from Tel Aviv.]

[Organizers of the rally estimated the crowd at 250,000, twice the size of a rally Saturday in the same place that urged Mr. Shamir to accept the peace plan.]

[In Washington, nearly 2,000 demonstrators, chanting "Palestine Yes, Oppression No" and "Long Live the PLO," protested in front of the White House on Sunday against Israel's military rule of the occupied territories. United Press International reported.]

[In an interview on Thursday that his office stipulated should not be released until Sunday, Mr. Shamir took a much softer stance, dismissing his differences with Washington and American Jews as "a misunderstanding among friends, and I think it's not difficult to settle this misunderstanding."

Even if he and the Reagan administration cannot agree, Mr. Shamir insisted, he was confident that relations between Israel and the United States would not be damaged. If Mr. Shultz refuses to change his position during their meetings this week, Mr. Shamir

Murray Weiss, Ex-IHT Editor, Is Dead at 64

Murray M. Weiss, 64, editor of the International Herald Tribune from 1966 to 1979, died on Saturday in Arlington, Virginia.

Mr. Weiss, known to friends as Buddy, was the first editor of the newspaper now known as the International Herald Tribune. He came to Paris in 1966 as editor of the European edition of the New York Herald Tribune. A year later, it changed its name and its ownership and became the IHT.

A decade ago, in March 1978, Mr. Weiss led the newspaper through its transition to the computer-directed worldwide publication of today. Obituary, Page 3.

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WORLD BRIEFS

The U.S. Peace Corps Remains Idealistic, but More Realistic

The U.S. Peace Corps is expanding after a period of decline. On Wednesday, China announced it would accept volunteers for the first time, and there are other plans to broaden the scope and improve the effectiveness of the organization.

Q. What is the biggest challenge facing the Peace Corps? A. Being able to mobilize resources to allow more Americans to serve. We want long-term programs that really address the development needs of countries, and this takes staff and planning.

end of the 1960s, and little more than 5,000 today. Why? A. Vietnam had a traumatic effect. Our budget fell because many congressmen thought it was hypocritical to support both the Peace Corps and the war.

Q. It's not lack of interest? A. No. We had more than 200,000 inquiries, and 15,000 people filled in an application form last year.

A. Fantastic. By understanding and accepting each other, we are on a path to improving relations between our peoples.

Q. Is there a difference between today's volunteers and those of the "Camelet" days of President Kennedy? A. They are as idealistic, but they are also more realistic. They are older. The

ground running. President Reagan has visited our volunteers in Mexico and was amazed to see people his age or older. He mentioned he might want to serve as a volunteer himself one day.

Q. Are you looking at other ways of expanding the pool of volunteers? A. Yes. In our Leadership for Peace program, we are asking companies whether they will allow employees leaves of absence so that we can have experts who can teach women better accounting skills or teach farmers marketing techniques.

Q. You want manual as well as academic skills? A. Certainly. Half the population in virtually every country we serve is under 15. And most countries are changing their education systems to try to create life-skills training that will result in real jobs.

Q. What are you doing to harness the skills and experience of returning volunteers? A. We are working very hard to encourage them to pursue the third goal of the Peace Corps, which is to be ambassadors for the nation in which they have served.

Q. Has that been neglected? A. Yes. Because of Vietnam and the rapid turnover of Peace Corps directors in the 1970s, there simply wasn't the continuity there to encourage that type of work. With the new volunteers going out today, we try during their training to get them thinking about how they can become permanent partners with the countries they go out to serve.

MONDAY Q&A

average age is 30 rather than 22 in the early days. And about 12 percent of our volunteers are over 50.

Q. Would you like to see more older people serving? A. Precisely. Who better than someone who has proved his or her own way can advise a villager or small farmer how to market or improve quality of production? We are adjusting our training and support so that older volunteers can serve and really use the talent they've got.

Q. You want manual as well as academic skills? A. Certainly. Half the population in

Democrats Come to Terms With Jackson's Political Clout

By Michael Oreskes

CHICAGO — The emergence of the Reverend Jesse L. Jackson as a major force in the Democratic Party is being greeted as an opportunity and a breakthrough by many of the same Democrats who were terrified by the idea a year ago.

While they still wonder how Mr. Jackson will use his newly found political power, these Democrats say they have heard loud and clear Mr. Jackson's message: He does not intend, through his candidacy for the party's presidential nomination, to be a spoiler who could be blamed for a Democratic defeat in November.

"People have asked what I want," Mr. Jackson said recently in a speech to Baptist ministers in his hometown of Greenville, South Carolina. "I want a humane government."

Bob Slagle, the Texas Democratic chairman, said he was convinced that Mr. Jackson would not put his own ambitions ahead of the party's imperatives. And Bruce Babbitt, the former Arizona governor and one of Mr. Jackson's rivals for the nomination until Mr. Babbitt withdrew from the race in February, said he would feel fine having Mr. Jackson consulted when the Democratic ticket is put together.

Mr. Jackson's success so far in the primaries and caucuses has been the result of his relentless effort to broaden his appeal and shed the radical image of his 1984 presidential campaign.

After the results of the South Carolina caucuses over the weekend and the Illinois primary on Tuesday, he will almost certainly be the front-runner in terms of convention delegates accumulated in the Democratic race, party voters said.

It is not likely that he will arrive at the Democratic Convention in Atlanta in July with enough delegates to be nominated. But it is certain that he will hold the balance of power if no other candidate has emerged as the clear winner by the last primaries in California and New Jersey in June.

At times Mr. Jackson and his aides bridle at suggestions that he cannot win the nomination or has some other purpose. "No one asks what does Dukakis want," said one of Mr. Jackson's advisers, Basil Paterson, referring to Governor Michael S. Dukakis of Massachusetts, one of Mr. Jackson's rivals for the nomination.

But at other times Mr. Jackson talks like a senior party statesman, which is what most people who know him say he would really like to be. He is running to be the Democratic nominee, he said recently. But if he does not win, all the candidates must come together to assure a Democratic victory. "The convention should not be a battlefield," Mr. Jackson said.

The message being circulated by his more moderate supporters is that he would much rather be an influential adviser to a Democratic administration than force himself onto a ticket if that meant defeat of the ticket in November.

"I think he recognizes he's achieved a lot," said Representative William H. Gray 3d, Democrat of Pennsylvania, who was in Chicago over the weekend campaigning for Mr. Jackson.

"He doesn't want to throw it away," Mr. Gray said. "He doesn't want to be blamed for a Democratic defeat."

But Mr. Gray added, "He also wants to make sure there are significant changes in the fall."

Mr. Slagle summarized the evolving view of Mr. Jackson in the party establishment: "I think everybody a year ago thought Jackson would be destructive. Now Jackson has said enough times over that he's committed to the Democratic Party and its ultimate nominee that people have quit worrying about it."

Not entirely, of course. The new concern, indeed, revolves around Mr. Jackson's willingness, even insistence, on dealing, Mr. Slagle said that in 1984, when Mr. Jackson also ran for the presidential nomination, the problem between him and the party's nominee, Walter F. Mondale, was that Mr. Jackson did not know quite what to ask for and Mr. Mondale did not know what to offer.

This time, Mr. Slagle said, Mr. Jackson will have a clearly thought-out agenda and the problem will be how to accommodate his reasonable requests, reject the unreasonable ones, and not have it look like the nomination is being bartered for accommodations with Mr. Jackson, who despite considerable strides remains widely unpopular with many white voters.

Some Democratic officeholders still fear that Mr. Jackson's prominence will frighten their constituents. In Cook County, Illinois, where Mr. Jackson's old image is far better known than it is nationally, those fears are already being played on.

"Wouldn't you be more comfortable in the Republican Party?" said a flyer distributed to voters in white neighborhoods, that described Mr. Jackson's potential role as a broker at the Democratic Convention.

However, Mr. Jackson's improving image among whites has made it safer for white politicians to endorse him, or at least be seen dealing with him.

The improvement is measured in The New York Times-CBS News poll of likely Democratic voters over the last few months. In May, only 15 percent of white respondents said they had a favorable impression of Mr. Jackson. In February, 26 percent did.

"I can visualize a scene in Atlanta where Dukakis, Gore and Jesse are together in a room," said Mr. Babbitt. "And Mike says to Jesse, 'What do you think of Al Gore as my running mate?' That's a kind of metaphor for the way the roles may work. Gore is not invited to be vice president without the question being posed to Jesse."

Mr. Jackson's precise role will depend in good measure on what happens between now and the Democratic Convention. Among his supporters, officeholders and other mainstream Democrats, many of whom supported Mr. Mondale in 1984, generally share the view of Mr. Gray that party victory is the first priority.

But among some of Mr. Jackson's other supporters, many of whom have been with him through his civil rights days and his 1984 campaign, the symbolic importance of getting him on the ticket, even at the cost of defeat, has great appeal.



Jesse L. Jackson speaking at a graduation ceremony at Michigan State University in East Lansing over the weekend.

Dole Says He'll Fight On in Wisconsin

United Press International

CHICAGO — Senator Bob Dole vowed Sunday to stay in the Republican presidential race even if he loses the Illinois primary to Vice President George Bush on Tuesday.

"We're going full bore," Mr. Dole said. "Our new theme when we leave here is 'On Wisconsin.'" That state holds its primary April 5.

On Saturday he made a last-ditch televised appeal to Illinois voters that was marred by a technical problem. At one point in that half-hour broadcast, the broadcast image was interrupted for four minutes. Mr. Dole could be heard talking, but the television screen showed only a still picture in which the top third of his head was obliterated by a wide black bar.

Last week, it was reported that some of Mr. Dole's top advisers had urged him to concede the campaign to Mr. Bush. Mr. Dole denied the reports.

Should Mr. Dole lose Illinois, however, his prospects will appear bleak. According to UPI's count, Mr. Bush now has 700 of the 1,139 delegates needed for the Republican nomination, compared with 164 for Mr. Dole. There are 92 at stake Tuesday in Illinois.

Mr. Dole, of Kansas, said Sunday on a CBS television news program that he was receiving encouragement from prominent Republicans, including former President Richard Nixon, who sent him a telegram. Mr. Dole said these Republicans were telling him: "Hang in there. Don't give up. Make Illinois your finest hour."

more experienced and far tougher than Mr. Bush. The speech, however, was unexpectedly tame in its criticism of Mr. Bush.

"I'm the best candidate," Mr. Dole said. "I can win in November. I believe I'm qualified. I'm an issues person. I understand America. I understand real people in America."

"Whether it's education or agriculture, I've been tested and I've failed but I've gotten up and tried again. People know, people understand. Bob Dole understands their problems. I have provided leadership. I can do it."

Mr. Dole's speech was interrupted by a technical difficulty to a 45-second power failure.

Mr. Dole made his comments in an address to 40 supporters at Knox College, the site of the fifth and final debate between Abraham Lincoln and Stephen Douglas on Oct. 7, 1858. Mr. Dole's address was broadcast live. He has sought without success to engage Mr. Bush in a debate.

The speech was a last-ditch effort to save his presidential campaign and stop Mr. Bush's momentum before the Illinois primary.

"I don't give up easily," he said, adding, "I didn't expect the job to be handed to me. The program was aired at the same time as one of the most popular shows on American television, the game show 'Wheel of Fortune.'"

■ Dole Tame in Criticism of Bush

Bernard Weinraub of the New York Times reported earlier from Galesburg, Illinois: "In his televised speech on Saturday, which was aimed at a statewide audience in Illinois, Mr. Dole indicated that he was more electable.

much more effective politician ever since. Mr. Bush made his career by the appointive route, always deferring to whoever appointed him. He has worked at the United Nations, the Central Intelligence Committee and the Republican National Committee, and at all of these places people speak glowingly of him. He has always run smooth ships, has never been one to charge off into uncharted waters.

Like Mr. Dukakis, Mr. Bush also knows how to learn from failure. The most indelible moment of his 1980 presidential bid came in a debate in Nashua, New Hampshire, when Ronald Reagan showed up at a debate accompanied by other candidates and uttered his famous line "I am paying for this microphone," demanding that the others be allowed to participate.

Mr. Dukakis's success on "Super Tuesday," when he won eight of the 20 states and had the best geographic spread, with victories in the West, New England, the mid-Atlantic states and the South, was a tribute to an organization that

CAMPAIGN BRIEFS

Jackson Takes 35% in Alaska Polling

ANCHORAGE, Alaska (NYT) — The Reverend Jesse L. Jackson won almost 35 percent of the delegates selected at Alaskan Democratic Party precinct caucuses, while Governor Michael S. Dukakis of Massachusetts took 31 percent, party officials announced. Another 31 percent of the 2,498 state delegates chosen were listed as uncommitted.

The results should translate into at least four national convention delegates for Mr. Jackson and at least three for Mr. Dukakis, with five uncommitted.

Whites carried the vote for Mr. Jackson at almost 440 caucuses around the state Thursday night. Bob Speed, the state party director, said Friday. Blacks make up only 3 percent of the state's 530,000 people.

Among other Democratic presidential candidates, Senator Albert Gore Jr. of Tennessee drew almost 2 percent of the delegates.

Robertson Admits It'd Take a Miracle

CHICAGO (NYT) — Pat Robertson has conceded that only a miracle could make him the Republican presidential nominee. Yet he is staying in the race, hoping to establish himself and his followers as a permanent force in Republican politics.

"We're not just running a presidential campaign," he said in Illinois, campaigning for support in the state primary election on Tuesday. "We're running for the future of America."

VOTE: For '88 Front-Runners, Caution Has Rewards

(Continued from Page 1)

Mr. Bush, a rules-player, insisted, as the sponsor of the debate had stipulated, that only he and Mr. Reagan should participate. But Mr. Reagan, a former film star, knew how to seize control of a moment.

Mr. Bush and Mr. Dukakis share another trait that makes for success, a penchant for long-term planning and execution.

Mr. Bush put the top echelon of his campaign organization in place two years ago, and has kept it together ever since.

Mr. Dukakis's success on "Super Tuesday," when he won eight of the 20 states and had the best geographic spread, with victories in the West, New England, the mid-Atlantic states and the South, was a tribute to an organization that

knows the strengths and weakness of its candidate and does not over-reach.

The Dukakis campaign invested dozens of staffers and hundreds of thousands of dollars building organizations in Texas and Florida, the two Southern states that, by virtue of their specialized voting blocs, Mr. Dukakis had the best chance to carry.

And carry them he did, enabling him now to promote himself as the only Democratic candidate who has proven he can win in all regions of the country. The sleight of hand in all this was that in the rest of the South, Mr. Dukakis chalked up nine third-place finishes in a four-man field. But how many will remember?

Bill Devine, a CIA spokesman, said, "We can neither confirm or deny the reports." The Taiwan government has denied CIA involvement in the disappearance of the scientist.

In Taipei, the government said it had issued a warrant for the arrest of the scientist, Chang Hsien-yi. Defense Minister Cheng Wei-yuan denied reports that the scientist had left the country.

Pakistan to Decide on Afghan Accord

QUETTA, Pakistan (Reuters) — Prime Minister Mohammed Khan Jurejo said Sunday that Pakistan would decide on Monday whether to sign a UN-mediated Afghan peace agreement in Geneva. Mr. Jurejo said that he had completed a process of consultations and would take a final decision tomorrow, when the peace talks resume after a two-day break.

The Soviet Union has offered to withdraw an estimated 115,000 troops in Afghanistan within nine months beginning on May 15 if Pakistan signs the accord by then.

Islamabad has insisted on a neutral transitional government in Afghanistan to oversee the Soviet withdrawal and to encourage about five million Afghan refugees to return home. Moscow and Kabul have rejected that demand.

Also on Sunday, the main guerrilla alliance fighting the Soviet-backed Kabul government met to select a new leader, amid reports that the rebels might send a delegation to Geneva. Sources said that the plan to send a team to Switzerland was one of the reasons for the resignation on Saturday of the alliance's leader, Mowlavi Yunus Khalis. Mr. Khalis, an Islamic fundamentalist, was said to have feared that such a delegation could be led into contacts with Afghan negotiators.

Ecuador Rights Abuses Said to Rise

BOGOTA (NYT) — Torture, extrajudicial killings and other human rights abuses have increased alarmingly in Ecuador over the last three years, according to a report by Americas Watch, the New York-based human rights organization.

The report also asserted that the Reagan administration had overlooked this situation because of its sympathy for the conservative government of President Leon Febres Cordero. It said some abuses were committed by the police in counternursery moves, but that others resulted from steps to suppress unions and freedom of expression. The report, prepared with the Andean Commission of Jurists, was issued Saturday.

It said that unlawful detentions take place frequently, that police "physically abuse and torture" detainees to extract confessions and information; that evidence exists of six cases of forced disappearances in recent years; that "a disturbing number" of prisoners have been killed, supposedly while trying to escape; and that several guerrillas have been summarily executed following arrest.

U.K. Prince Denies Marriage Report

LIVERPOOL, England (AP) — Prince Edward, youngest son of Queen Elizabeth II, denied a British newspaper report Sunday that he planned to marry the 22-year-old daughter of a Belgian baroness.

The People, a weekly London tabloid, had reported earlier Sunday that the 24-year-old prince had proposed to Georgia May, whose mother, Catherine, was born a baroness in the Belgian family Van den Branden de Reeth.

But when reporters shouted "Congratulations" and "How is Georgia?" as he arrived at the British Academy of Film and Television Arts Craft Awards ceremony in this northwestern port city, he snapped: "I don't know what you're talking about. It's all complete fabrication."

Gadhafi Calls for Attacks on Israelis

CAIRO (Reuters) — The Libyan leader, Colonel Moammar Gadhafi, was quoted on Sunday as saying Egyptians should tear down the Israeli Embassy in Cairo with their bare hands and kill every Israeli and American in their country. Egypt is the only Arab country to have diplomatic relations with Israel.

"How could the Israeli embassy continue to exist even for one day in Egypt?" he said in an interview with an Egyptian newspaper. "Every day a million Egyptians must march and tear it down with their bare hands, stone by stone."

He called on Egyptians to revolt against Israel to restore their self-respect.

For the Record

A blue-white, 599-carat stone that is expected to be the second-largest cut diamond in existence was unearthed in mid-1986 at the De Beers conglomerate's Premier Mine near Pretoria, De Beers has revealed in Kimberley, South Africa, at a banquet marking its 100th anniversary. The diamond, once cut, is to be exhibited, then auctioned.

TRAVEL UPDATE

Japan Opens Hokkaido Rail Tunnel

TOKYO (AP) — The world's longest undersea tunnel opened to rail service Sunday, linking Japan's largest island, Honshu, with the island of Hokkaido to the north.

The tunnel extends 33 miles (53 kilometers) from Aomori at the tip of Honshu to Hakodate in southern Hokkaido, the nation's northernmost main island. The undersea portion runs 14 miles.

Next month, with the official opening of the Seto Ohashi Bridge, a series of 11 spans totaling seven and a half miles linking Honshu with the island of Shikoku, transportation officials will complete a decades-old plan of connecting Japan's four main islands by rail.

Rome Airport Workers Reject Pact

ROME (AP) — Scores of flights were canceled or delayed Sunday at Leonardo da Vinci Airport after ground workers went on strike over a tentative accord reached earlier in the day to end a dispute that began six months ago. Also Sunday, rail workers in Sicily and Reggio di Calabria called a three-hour strike.

The airport strike, involving about 90 percent of such workers as check-in counter personnel and baggage handlers, was in defiance of Italy's major labor federations.

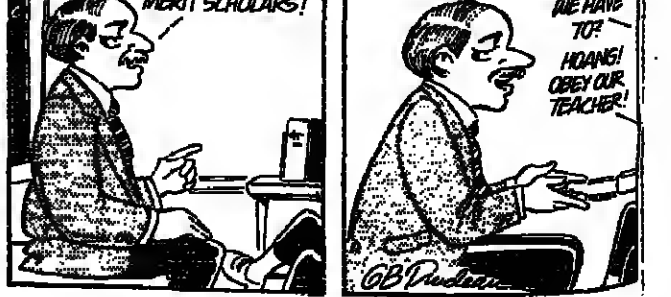
A few hours earlier, Transport Minister Calogero Mannino and labor leaders for ground crew announced a tentative accord that would be retroactive to January. It called for a monthly pay raise of about 220,000 lire (\$180) over three years and a gradual shortening of the workweek from 40 and a half hours to 37 and a half.

This Week's Holidays

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

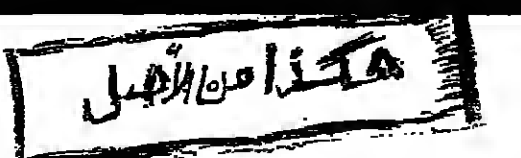
- MONDAY: Gibraltar, New Zealand, Swaziland. TUESDAY: Jordan, Kuwait, Liberia. WEDNESDAY: Indonesia. THURSDAY: Ireland. FRIDAY: Nepal. SATURDAY: Andorra, Brazil, Costa Rica, Indonesia, Liechtenstein, Maldives, San Marino, Spain, Vatican City, Venezuela, Zambia. SUNDAY: Afghanistan, Tunisia.

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AMERICAN TOPICS

Trains Still Haunt The American Mind

The most haunting sound ever made by an instrument of human devising is the far-off whistle of a steam locomotive...

Notes About People

Nancy Reagan says she decided on a total mastectomy for her breast cancer because less extensive surgery to remove just the malignant lump would have required radiation treatment...

Lee Iacocca's second book, "Talking Straight," about "previously untold life experiences" will be published June 1 by Bantam Books Hardcover...

Short Takes

Some federal officials are resisting a proposal by President Ronald Reagan that income tax returns and all other U.S. forms carry a notice estimating how much time is required to fill them out...

Clarence Ferguson drank a pint (about a half a liter) of gin a day and was fired four years ago as a purchasing agent for the National Marine Fisheries Service...

The term "free-range," as applied to chickens, doesn't mean they go "running through Montana, leaping over creeks," says Clark Wolf, an agricultural writer...

America's Girl Scouts are observing their 75th anniversary this month, notably by the sale of Girl Scout cookies. The Park Hyatt Hotel in Washington is marking the anniversary by putting a box of Girl Scout cookies instead of a packet of chocolates on guests' pillows when their beds are turned down for the night.

Arthur Higbee

Memos Connect Meese To Pipeline Briefing

Washington Post Service

WASHINGTON — Attorney General Edwin Meese 3d and a close friend, E. Bob Wallach, briefed Prime Minister Shimon Peres of Israel in October 1985 about the status of plans to build a \$1 billion pipeline from Iraq to Jordan...

According to the memos, Mr. Wallach was attending a crowded reception for Mr. Peres at the Israeli Embassy in Washington. He had given up hope of getting enough time with Mr. Peres to brief him, he said, when Mr. Meese interceded.

The memos say that Mr. Meese took Mr. Peres and Mr. Wallach aside at the reception and that the three men discussed the project for about 10 minutes.

Mr. Wallach described Mr. Peres as enthusiastic and "intensely" interested in the project, according to the memos, which have been reviewed by The Washington Post.

Mr. Meese, speaking Sunday on a television interview program, denied the latest report, while Foreign Ministry officials in Israel refused to comment.

met Mr. Wallach "one-on-one" but only "on social occasions and as part of a larger group."

An independent counsel, James C. McKay, is investigating Mr. Meese's role in the pipeline maneuvering to determine whether Mr. Meese might have violated any laws in concert with Mr. Wallach or anyone else.

It is illegal for U.S. citizens, companies or their agents to offer foreign governments, officials or political parties "anything of value" to get their help in obtaining business abroad.

It previously has been reported that Mr. Wallach sent Mr. Meese an "eyes only" memo informing him that profits from the pipeline deal would be paid to Israel and to the Israeli Labor Party, of which Mr. Peres is the leader.

Mr. Wallach said that Mr. Peres later invited him to meet him in New York a few days after the reception and, Mr. Wallach said, he did so.

Mr. Wallach's accounts contradict repeated assertions by Mr. Peres and his aides that he over-

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Murray M. Weiss Dies; Former Editor of IHT

Murray M. Weiss, the editor who played a dominant role in recasting this newspaper into the International Herald Tribune, died Saturday in Arlington, Virginia.



Murray M. Weiss

Mr. Weiss, 64, died of complications following a stroke suffered while playing tennis on Friday.

He was editor of the paper from 1966 to 1979. Under Mr. Weiss, the character of the IHT changed from a largely expatriate and tourist-oriented newspaper to what he called a "international newspaper that speaks with an American accent."

Circulation rose rapidly in the late 1960s and 1970s as the IHT became a force in journalism worldwide. Almost exactly 10 years ago, in 1978, the International Herald Tribune, with Mr. Weiss carefully supervising, made the transition from hot lead composition and ancient presses at its old headquarters in the rue de Berri to computer-edited photo-composition in new offices in the Paris suburb of Neuilly.

Over the weekend of March 25-26, 1978, the paper moved from the 19th to the late 20th century. Mr. Weiss, known to everyone as Buddy, joined the New York Herald Tribune as a copy boy and rose to become its managing editor before coming to the European edition. He was described in Richard Kluger's history of the New York Herald Tribune, "The Paper," as "high-domed, short-haired and wide-eyed the best-liked man on the paper."

Speaking from Washington on Sunday, the executive editor of The Washington Post, Benjamin C. Bradlee, said: "Buddy Weiss was 'The Front Page' updated and just a wonderful newspaper man."

Mr. Weiss, as editor of the Trib, not only set editorial policy, edited copy, wrote headlines and read every line before stories were sent to the composing room, but also designed the elegant front pages that became the paper's trademark.

"Weiss was legendary," said Richard C. Wald, who had been national news editor under Mr. Weiss in New York. "He was the best and fastest layout editor in the business." The International Herald Tribune, Mr. Wald added, was just the right size for Mr. Weiss. "He could edit the whole thing himself."

Mr. Weiss was a "hands-on" editor. An aspect of the Paris job that particularly pleased him was that he could work closely with printers and at times even handle the stacks of type that New York union regulations forbade him to touch.

On arrival in Paris, Mr. Weiss found himself in a circulation battle with the International Edition of The New York Times, which had begun simultaneous New York-Paris printing in 1960 and for a time looked as if it might drive the Trib out of business. Instead, The Times in 1967 joined the Trib.

Sydney Gruson, former vice chairman of The New York Times Corp. and member of the board of directors of the International Herald Tribune, was editor and chief executive officer of The Times's international edition during the period when the two papers were rivals.

"Buddy was a fierce competitor, a wonderful colleague and a brilliant journalist," Mr. Gruson said from New York. "Above all, he was a totally decent man."

John Vinocur, executive editor of the International Herald Tribune, said that "Buddy was a terrific journalist and a wonderful man. He leaves behind only affection and deep professional respect."

His staff considered him a dream editor—gentle and understanding, but also sharp. Jimmy Breslin, a syndicated columnist for the New York Daily News who worked for Mr. Weiss at the New York Herald Tribune, said, "Buddy was one of about four people that I ever worked with who knew anything about how to fix an English sentence. He was great, the best."

Mr. Weiss was a man of imper-

able courtesy whose constant smile concealed a certain reserve. Responsive to the quirky and oedipal, while with the New York Herald Tribune he hired a young writer who came to him with a carefully composed scrapbook of clippings and whose name was Tom Wolfe. Mr. Wolfe's feature writing during the last years of the New York paper helped launch the breezy and personal style of reporting that became known as the "oedipal journalism."

Such was Mr. Weiss's warmth and charm that even his rejection carried no sting. Jane Kramer, now the European correspondent for The New Yorker, went to see him when looking for her first job in 1961. "He turned me down, but at the same time he made me feel terrific, like he was launching a career. I don't know how he did it, but I loved him for it."

Born in New York, Mr. Weiss took a graduate degree in English from Columbia University but gave up thoughts of a teaching career to become a copy boy at the New York Herald Tribune in 1947. He went on to be a rewrite man, then a reporter and editor. In 1960, he worked briefly for The New York Times and returned to the Herald Tribune the following year. He served as city editor and managing editor before leaving the paper in 1964 to become assistant to the publisher of The Boston Herald Traveller.

In 1966, after the New York Herald Tribune suspended publication following years of severe losses and a lengthy strike by mechanical employees, Mr. Weiss was recruited to edit the orphaned Paris edition, which in 1967 was renamed the International Herald Tribune.

The Paris paper continued publication under a partnership formed by The Washington Post Co. and John Hay Whitney, the owner of the New York paper. The New York Times in 1967 joined the ownership after closing its international edition.

"Buddy Weiss was one of those great editors who created a product, who made a mold on which the International Herald Tribune has continued to build," said Katharine Graham, co-chairman of the IHT and chairman of the board of The Washington Post Co.

"He took the Trib into the age of international news. In addition he was a beloved colleague and friend to all of us who worked with him."

Mr. Weiss left the Paris paper in 1979 and was the editor of The Advocate in Stamford, Connecticut, from 1979 to 1981, and later the managing editor of Parade magazine in New York. In 1983 he joined the United States Information Agency in Washington as an editor.

A scholarship at Columbia University will be set up in Mr. Weiss's memory, according to his widow, the former Margaret Sumner. Memorial services are planned in New York, Washington and Paris.

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In France, It's Law and Order vs. Law and Order

By Barry James
International Herald Tribune

PARIS—In most countries, they play cops and robbers. In France, they have a variant called cops and gendarmes, which is almost as exciting.

The two principal forces of law and order in France have different roles. They also have big differences, and their long-simmering rivalry is no longer disguised.

The feud broke into the open in November when gendarmes arrested a chief police inspector in Paris on a charge of receiving money from prostitutes. More than 200 police officers took to the street in a protest demonstration.

The police have been smarting for revenge ever since, and recently they dug up an old narcotics case they reportedly hope will prove embarrassing for a senior gendarme officer on the staff of President Francois Mitterrand.

The 110,000 policemen are civilians under the control of the Interior Ministry and the 90,000 gendarmes are under military orders.

The police have the task of protecting cities and towns. Except for the Compagnies Republiques de Securite, or CRS, a feared anti-riot force, uniformed officers wear blouses and flat caps designed by the couturier Pierre Balmain.

The gendarmes, more conservative, have kept their traditional kepis and blue tunics and serve primarily in rural areas.

The distinctions have become blurred of late, however, as gendarmes have moved increasingly onto turf that the police regarded as their own, such as conducting plainclothes investigations in cities.

As the rural population dwindles, the gendarmes appear to be reorganizing themselves as a national force. They are setting up their own central archives and building a forensic center to rival facilities operated by the police.

The hostility between the two forces turned bitter in 1982 when Mr. Mitterrand, a Socialist, ordered the reorganization of his personal security service, which was the responsibility of the police.

According to published accounts, Mr. Mitterrand's anti-terrorism adviser, a gendarme captain named Christian

Prouteau, set out to prove that the president was not safe in police hands.

First, he infiltrated past the police security lines a stranger who handed the president a red rose. Then, the reports said, he had an empty shoe box placed near the president during a public ceremony. Pictures of both incidents were leaked to newspapers.

The police responded by placing an empty box under Mr. Mitterrand's chair during a ceremony at a military school in Paris when the gendarmes were in charge of security. According to the reports, they also managed to steal the side arm and the briefcase of a senior gendarme officer under the nose of Mr. Mitterrand.

The Presidential Security Group, formed early in 1983, was to be an elite force comprising gendarmes and policemen. But a gendarme was appointed commander and the police refused to serve under a military officer in peacetime.

As a result, the 24-man unit includes only gendarmes, who call themselves, in gallant fashion, "the president's musketeers."

The police still are responsible for the protection of other cabinet members.

In May, Defense Minister Andre Giraud formally authorized gendarmes to operate in plainclothes, a source of particular annoyance to the police. There have been a couple of reported instances in which policemen and gendarmes have turned up at the same crime and mistaken one another for the crooks.

Prime Minister Jacques Chirac appointed a commission last year to study ways to make the two forces more "complementary." The report, details of which were released Saturday, recommends a geographical realignment, with the police getting control of cities and suburbs, and the gendarmes being given responsibility for medium-sized and small towns.

While upholding the right of gendarmes to conduct plainclothes investigations in the cities, it says they should improve coordination with the police. It also called on the two forces to consult before buying equipment or building new resources.

The national police inspectorate earlier produced a scathing

report about the gendarmes for the police boss, Interior Minister Charles Pasqua. It accused the gendarmes of trying to muscle in on judicial inquiries that did not concern them while shirking responsibilities for maintaining public order and allowing the crime rate in their sectors to rise disproportionately.

The report said the expansionist ambitions of the gendarmes, lavishly funded from the defense budget, were creating wasteful parallel structures and "patently contrived" projects, such as the forensic center.

Any possibility of a truce was eliminated Nov. 28, when 15 gendarmes turned up at the home of Yves Jobic, a 29-year-old chief inspector of police, and arrested him on the basis of testimony by several prostitutes and a pimp who alleged they had to pay for protection.

It also emerged that the gendarmes had tapped Mr. Jobic's telephone conversations with an informer. Now awaiting trial, Mr. Jobic said in an interview published earlier this month that the charges were preposterous and that the gendarmes were using him to discredit the police.

The police have counterattacked by arresting two former gendarmes in connection with the escape of a narcotics witness in Corsica and the disappearance of heroin that was seized from him.

Both men also are involved in a bizarre case of telephone-tapping, which the police believe leads to Captain Prouteau, the senior gendarme on the president's staff, according to published reports.

In trying to prove that link, three police inspectors recently went to the gendarmerie headquarters near Paris, armed with a warrant to search the apartment of one of Mr. Mitterrand's security guards.

The newspaper Le Monde reported that after carrying out the search they were threatened by dozens of armed gendarmes, photographed and filmed, then hustled to their car and tailed back to Paris by a gendarme car.

There is a strong political undercurrent accompanying the incidents. For reasons not entirely clear, apart from the fact that Mr. Pasqua is one of its heroes, the night press has strongly supported the police throughout the affair.

SHAMIR: Conciliatory Tone

(Continued from Page 1)

said, "I will express my opinion and I will go back home."

"And I am sure," he added, "that there will not be any change in our relationship."

"The president said it several times," he said, "that the close relationship and the strategic cooperation between Israel and the United States will continue in spite of differences we have."

The contrast between Mr. Shamir's warm remarks in the interview and his harsh statements for domestic consumption reflected pressures on Mr. Shamir to keep together the fractious, anxious "national camp" that supports him and that is deeply suspicious of Washington's motives and ideas. At the same time, he wishes to appear peace-loving and flexible to an administration and a Congress that constitute Israel's main international ally.

As Menachem Shalev, a political analyst for The Jerusalem Post, pointed out, the uprising in the occupied territories has undermined the belief that the status quo of Israeli rule and sullen Arab acquiescence was immutable. At least 86 Palestinians have been killed by Israelis in the rioting.

The international peace conference that Mr. Shamir vetoed last May "rose from the dead," in Mr. Shalev's words, in Mr. Shultz's new proposals.

The Israeli public seems to sense the need to cooperate with Washington. A poll in the Hebrew daily Chadashot published Friday showed 46 percent in favor of the U.S. plan, 37 percent opposed.

To make matters worse, Mr. Shamir's own political base is in disarray, many analysts say. Many members of his Likud bloc are contending that he has gone too far in endorsing Mr. Shultz's initiative and welcoming the secretary of state's recent visit to the region. Others, apparently a minority, say he cannot appear intransigent.

United Opposition
David B. Ortwin of The Washington Post reported from Washington.

Mr. Shamir faces an unusually strong consensus of administration, congressional and American Jewish community opinion united behind the new U.S. peace plan.

The scene is thus set for a tough battle of wills between Mr. Shamir and Mr. Shultz, the author of the peace plan.

To emphasize the divisions within Israel's coalition government, Shimon Peres, the foreign minister who is a warm supporter of the Shultz plan, intends to send aides and supporters to Washington to express their endorsement of the U.S. effort even as Mr. Shamir and his aides are arguing against it.

Peace Now, the Israeli peace movement, sent four spokesmen to hold a "teach-in" at American University on Sunday and a news conference on Monday. The peace activists include Yael Dayan, daughter of the late Moshe Dayan, and Hannah Simion, editor of the Jerusalem daily Al-Fajr, and two senior Israeli army reserve officers, Colonel Mordechai Bar-On and Brigadier General Giora Furman.



VISIT TO EGYPT — President Hosni Mubarak of Egypt, left, greeting the leader of the United Arab Emirates, Sheikh Zayed bin Sultan al-Nahyan of Abu Dhabi, Sunday in Cairo. It is the first visit by a Gulf leader since the Arab League eased its stand against Egypt last year.

VISIT: Parallels May Haunt Gorbachev in Yugoslavia

(Continued from Page 1)

ences in development between poor southern republics and affluent western ones, like Moscow, set out to redress the disparity by pursuing huge industrialization projects in the poorer areas. The policy was mostly a failure.

Twenty years before Mr. Gorbachev took power, the Yugoslav leader, Tito, embarked on a policy of economic and political change. He dismissed his security chief and encouraged Albanians in Kosovo to assert themselves in the local power structure. He also set up a market-oriented economic system.

While the policies led to a sustained economic boom in Yugoslavia, it also unleashed nationalist forces that led, within a decade, to both the collapse of economic restructuring and the beginning of the current fragmentation.

Tito's program, it turned out, contained significant flaws that, arguably, are built into Mr. Gorbachev's similar policies of glasnost, or openness, and perestroika.

First, Yugoslavia's version of glasnost allowed the freer expression of nationalist aspirations without providing a political system flexible enough to accommodate the new pressures.

When Albanians in Kosovo expressed their resentments by rioting in 1968, Tito responded by giving the province much greater autonomy. But the Albanian authorities who took over proved as chauvinistic as the Serbians they replaced. Albanians now persecute Serbians, and the tensions grew.

In Croatia, the freer climate led to the emergence of a local Communist leadership that strongly supported economic change but held Croatian nationalist leanings.

Tito, feeling the party's central authority threatened, purged the leadership in 1972, thus ending the nationalist movement associated with it but also undermining support for the reform. Purges of reformers accused of nationalism followed in other republics, and

Yugoslavia's economic reform never regained its momentum.

The destructive identification of the pro- and anti-reform lobbies with national divisions was, in part, a consequence of a second major flaw built into the new policies. Creating a market-oriented economy, it turned out, meant a transfer of state resources toward the richer republics while spelling disaster for the inefficient heavy industry built in poor areas under Stalinism.

While affluent, westernized Croatia and Slovenia grew richer, Kosovo and other underdeveloped regions sank deeper into poverty, plagued, like Soviet Central Asia, with lack of capital, entrepreneurial expertise or trained work forces.

The result was the eventual breakdown of Yugoslavia's Communist Party into a host of mini-parties divided by nationality and political outlook.

Tito halted the economic program in 1974, then pushed through a radical decentralization of government that made the divisions even worse. Since his death in 1980, Yugoslavia has tottered toward political anarchy, its federal government and central party apparatus gutted of any real power.

DEPLOY: Soviet Subs in Europe

(Continued from Page 1)

from its level of 63 to somewhere between 14 to 34, he said.

The Soviet Union has been steadily modernizing its fleet of missile-carrying submarines, and has newer vessels carrying more capable missiles with which to cover targets in the United States, according to the Pentagon.

The fifth modern Typhoon-class submarine was launched late in 1986 and the fifth Delta 4 submarine early this year, the admiral said.

But the four Delta 4 submarines

already in the fleet have never gone on patrol, he said. The submarine's missile, the SS-N-23, which carries 10 warheads and has a range of nearly 5,000 miles, "apparently has suffered reliability problems," he said.

Carlucci to Meet Yazov

The top U.S. and Soviet defense officials, Frank C. Carlucci and General Dmitri Yazov, are expected to discuss efforts to shift military thinking from an offensive to a defensive posture when they meet in Bern on Wednesday, Reuters reported from Moscow.

PANAMA: Asylum for Noriega

(Continued from Page 1)

are under way to negotiate General Noriega's departure from power and that, as one Latin American envoy put it, his eventual removal is "almost inevitable."

General Noriega, however, has said repeatedly that the only way to force him out of power would be to kill him.

The administration is understood to have said it will weigh the Spanish offer seriously. But Mr. Abrams reportedly told Mr. Yanez that Washington first would require a much clearer idea than is

presently available of General Noriega's willingness to accept exile in Spain and the conditions of his residence there.

According to the sources, Mr. Yanez's principal contacts were with Gabriel Lewis Galindo, a former Panamanian ambassador who heads the exile opposition, and Juan Sosa, recognized by the United States as Panama's ambassador in Washington.

The sources said that Mr. Lewis and Mr. Sosa gave the opposition's blessing to the Spanish offer and relayed it to General Noriega through their contacts in Panama.

Walkout by Palestinian Policemen Portends a Wider Work Stoppage

By Alan Cowell
New York Times Service

BETHLEHEM, Israeli-occupied West Bank — The Palestinian investigative officer, who identified himself as Rames, rose Sunday morning, packed his Israeli police uniform in a plastic bag and went to the precinct by the Church of the Nativity and quit.

That fulfilled what he saw in part as an enforced political duty. It left only the question of bow he, and his wife and their five children would eat, once his last pay check, the equivalent of \$500, was spent.

"God will protect us," he said. His relatives had offered a little help, too, he acknowledged with a kind of shy smile that sits uneasily on a sharp-eyed, mustachioed visage stamped: cop.

The resignation of the 33-year-old officer, on a blustery Sunday that switched rain for sun around Bethlehem's white stone churches, was part of a mass walkout over the weekend by about half the 1,000 Palestinians employed in the Israeli police in the occupied territories.

The action had been demanded by the shadowy leadership of the three-month uprising in the occupied West Bank and Gaza Strip that has claimed at least 86 Palestinian lives, and wounded 186 Israeli soldiers in uneven battles between stone-throwing protesters and Israeli troops.

It was, some diplomats contended, the most significant blow the insurrection has struck at the ties that bind Israeli and Palestinian and permit the Jewish state in exercise control over the people under its occupation for the past 20 years.

"I believe there is a new policy of Israeli economic squeeze," said the mayor of Bethlehem, Elias Freij, when commenting on Israel Radio reports Sunday that the occupation forces had ordered a halt on gasoline and other fuel supplies to the occupied territories for one week.

And then, echoing what seems to be a refrain among Palestinians when asked whether the perceived policy will work, Mr. Freij said: "I know of people who are having hard times. But that is not going to weaken the uprising."

The policeman who identified himself as Rames had quit after some consideration and a sense of coercion. "I heard the call from the Palestine Liberation Organization that I should resign, so I resigned," he said.

But, a reporter asked, had his decision been affected by the killing of a Palestinian policeman in Jericho last week? He replied that, after hearing the news, "I reached my decision very quickly."

Other officers were less ready to



A municipal police station at Orange, in southern France.

attribute their decisions to coercion. The Israeli police, said Mohammed Mahmoud Abu Rayada, a former traffic policeman, told him "it would be better for me if I stayed. But I knew that my people agreed with the decision that we policemen should resign."

The Israeli authorities are said to have offered pay increases, guns and life insurance policies to persuade Palestinian officers to remain with the police.

Many have ignored those blandishments, and some reports this weekend suggested that Palestinians employed by Israel to levy taxes on fellow Palestinians were also beginning to quit, as demanded by the uprising's underground leadership in its newest communiqué.

"It's going to be like a snowball," Mr. Freij said of the resignations among some of the 18,000 Palestinians employed by what Israel calls the Civil Administration — a military body that supervises the occupied territories.

"It will drag many civil servants to resign," he said.

About 45,000 Palestinians from the Gaza Strip, or half the area's labor force, and 55,000 from the West Bank, one third of the labor force, committed to work in Israel before the uprising. The Israeli building industry relied for 37 percent of its workers on Palestinians.

Impact of McFarlane Plea Is Uncertain

By Walter Pincus
Washington Post Service

WASHINGTON — Throughout the Iran-contra affair, Robert C. McFarlane was part of President Ronald Reagan's inner circle, one of a very few with firsthand knowledge of key decisions and events.

He was Mr. Reagan's national security adviser when secret aid to the Nicaraguan rebels, the contra, began in 1984. He was the prime mover in the clandestine arms-for-bombings dealings with Iran. He was one of the few Americans who knew that funds from the arms sales were used to pay for support of the contras. And when the affair became public in November 1986, Mr. McFarlane, by his admission, assisted others in covering up the truth.

Against that background, Mr. McFarlane's guilty plea Friday on relatively mild criminal charges might be considered a signal that the independent counsel, Lawrence E. Walsh, had obtained the cooperation of a key witness with important information to bolster his expected main indictment, or perhaps open new lines of inquiry.

Mr. Walsh said Friday that Mr. McFarlane's plea is not considered a "breakthrough," but "only a great facilitation."

If Mr. McFarlane's plea only helps facilitate Mr. Walsh's case, the question arises as to whether the independent counsel's meticulous 15-month investigation has turned up significant new evidence beyond what was uncovered earlier by the congressional Iran-contra panels and the Tower commission, which was appointed by Mr. Reagan to review the National Security Council's role in the affair.

Mr. McFarlane was able to strike

Friday's deal, one source said, because he is "a sympathetic case," the person who seemed the most tortured by his role in the affair, especially after a suicide attempt.

Mr. McFarlane's distressed state

NEWS ANALYSIS

of mind clearly affected Mr. Walsh's approach.

Mr. Walsh had been pressuring him for months with threats of a felony charge if he could not clear up vague parts of the story with additional information.

In the plea bargaining that went on in earnest this week between Mr. Walsh and Mr. McFarlane's lawyer, Leonard Garment, the choice came down to facing indictment on a serious felony charge, such as perjury or making false statements to Congress, or pleading guilty to the lesser misdemeanors of withholding information from Congress.

In agreeing to the plea bargain, Mr. McFarlane became the first former White House aide to acknowledge guilt for actions committed in his official capacity since the investigation by Mr. Walsh began 15 months ago.

Mr. McFarlane was a key link in 1984 and 1985 between the president and two White House aides, Vice Admiral John M. Poindexter and Lieutenant Colonel Oliver L. North, both of whom are targets of Mr. Walsh's inquiry.

Mr. Poindexter was Mr. McFar-

lane's deputy and succeeded him as national security adviser in December 1985, and Colonel North was the White House's prime operative in banding both support for the contras and programs to free U.S. hostages held in Lebanon.

When Mr. McFarlane testified publicly before the Iran-contra panels last May, he said he was unaware of the breadth of Colonel North's contra operations, including the raising of funds for their support and the offering of military advice at a time such activity was barred by Congress.

In pleadings Friday, Mr. McFarlane in effect admitted he knew Colonel North was doing those things.

South Africa Is Warned By Defiant Churchmen

By John D. Battersby
New York Times Service

CAPE TOWN — South African church leaders angrily denounced Sunday government threats to fence them and reiterate their support for civil disobedience as defiant and well-attended protest church services.

"The South African government has signed its own death warrant," said the Reverend Allan Boesak. "No government can take on the living God and survive."

"We are entering a new phase, persecution of the church but that can be no turning back," he told a crowd of more than 2,000 in St. George's Anglican Cathedral.

"Those of you who have chosen to follow Jesus Christ must follow him into the streets," he said, on the face of "the water cannon and tear gas" and armored police vehicles.

Archbishop Desmond Tutu said it was immoral to obey immoral and unjust laws and warned the government that it had chosen the losing side in the struggle for liberation.

Mr. Boesak and Archbishop Tutu were among 150 churchmen arrested outside the cathedral two weeks ago on their way to present a petition to President P. W. Botha at his parliamentary office, which is near the cathedral.

Protest services similar to the one in Cape Town were held in Durban, Soweto, Port Elizabeth and Pietermaritzburg.

The services marked the commemoration of National Day and served as a vehicle for anti-apartheid protest following the silencing of the United Democratic Front and 17 organizations last month under a nationwide state of emergency imposed 27 months ago.

A government decree published Saturday also banned the church-led Committee for the Defense of Democracy and what was to have been its first public meeting on Sunday at the University of the Western Cape. The protest service in St. George's Cathedral took the place of the meeting.

Security forces surrounded the university campus, about eight miles (13 kilometers) from Cape Town, early Sunday and set up roadblocks at entrances to the city. Despite the roadblocks, hundreds of black and mixed-race anti-apartheid supporters made it to the cathedral.

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CHINA: U.S. Worries Over Possible Sale to Jets to Iran

(Continued from Page 1)

used to attack Kuwait from Iranian-held positions at the opposite end of the Gulf.

But they said the pledge may not alter Chinese plans to send other sophisticated weapons to Iran. The United States opposes all arms sales to Iran and has been pressing for a UN-sponsored embargo. China has said it might support the ban in the Security Council.

"I suspect the Chinese must be going through quite an internal debate on this issue," one U.S. government official said.

Iran's air force, which uses U.S. fighter planes and missiles, is said to be barely operational because of a lack of missiles and spare parts. The sale of Chinese aircraft to Iran would revive the Iranian air force, according to government officials. The officials declined to spell out

the basis for believing that such a sale might be in the offing. One official spoke of reports that Iranian pilots have visited China.

Among the other major weapons that the officials said China is able to supply Iran are surface-to-air missiles, which have already been delivered in relatively small numbers, and ship-mounted anti-ship missiles resembling the Silkworm, which usually is based on land.

China's CSA-1 anti-aircraft missile, which is a version of the Soviet-designed SAM-2, has been deployed at Bandar Abbas, a large air and naval base on Iran's southern Gulf coast, at Kharg Island, the oil loading terminal in the northern land forces are massed.

Iran, which faces steady attacks by Iraqi aircraft, is said to need many more of these missiles in order to improve its generally poor anti-aircraft defenses.

Officials said China may have provided as much as \$1 billion worth of weapons to Iran last year. Not only does this represent a major source of foreign exchange, they said, but the sales, combined with arms sales to Iraq and other nations, are establishing China as a provider of arms to the Third World.

Offsetting these benefits, they said, are the strains on Chinese-American relations that have resulted from the sales, especially of Silkworms. The United States for a time suspended reviews that could lead to selling high-technology goods to China as a way of pressuring it to end to Silkworm sales. That suspension was lifted when China promised to end the shipments.

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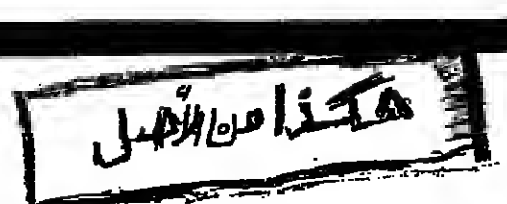
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INFORMATION OFFICER	Good	Int. Irrigation Management Institute.
HEAD OF GROUP INTERNAL AUDIT	\$100,000 Tax Free + Benefits	SABA & NAGLE Int.

If you haven't seen last week's INTERNATIONAL POSITIONS rubric, please ask for a free copy: Max Ferraro, INTERNATIONAL HERALD TRIBUNE, 92521 Nervilly Codex, France. Tel: (71) 46.37.93.81. Telex: 613595



70 Killed in Nepal Soccer Stadium

KATMANDU, Nepal — The government, denying any official negligence in one of Nepal's worst disasters on record, began an investigation Sunday into the deaths of 70 people in a stampede by soccer fans caught in a hailstorm.

Ninety people were injured in the incident, including 15 who were hospitalized in critical condition.

The deaths occurred Saturday when a severe hailstorm prompted a crowd of spectators at a soccer match between Bangladesh and Nepal to rush toward the southern exit of Dashrath Stadium.

The Department of Meteorology

said that the hailstorm was accompanied by winds at up to 80 mph (129 kph).

At a news conference on Sunday, Home Minister Narayan Thapa said that the government had appointed a judge to investigate the incident.

Mr. Thapa denied reports by witnesses that the police and officials of the government sports authority had compounded the disaster by blocking the stadium's southern exit. He accused certain people, whom he did not name, of "twisting the facts."

Witnesses also said that only one ambulance was at the stadium to

carry casualties to hospitals and that people threw stones at private cars that refused to pick up victims.

Mr. Thapa denied any government negligence. He also said reports that the incident was made worse by a shortage of medicine and doctors at city hospitals were untrue.

"The government did its duty immediately," he said.

Officials were still trying to identify many of the dead on Sunday, and police were deployed around hospitals to control the crowds that gathered to await news of their relatives and friends.

WEU Stagnation Tied to London-Paris Quarrels on Defense

By Joseph Fitchett
International Herald Tribune

PARIS — The Western European Union, the seven-nation organization revived four years ago to galvanize European military cooperation, has sunk into institutional stagnation, according to a former organization official.

Most senior officials have been dismissed and its embryonic bureaucracy shut down.

In an open letter to the organization, Eric Hintermann, who was its second-ranking permanent official until he was dropped in January, said that its problems reflected what he called "Europe's inexistence at the defense level."

Mr. Hintermann, named to the post by President Francois Mitterrand of France, said in an interview that the organization was the victim of a clash between France and Britain about European defense.

Alfred Cahen, secretary-general, could not be reached for comment. But Mr. Cahen, a career diplomat

from Belgium who has been widely praised for his efforts since taking over the job three years ago, reportedly is seeking a new posting.

Diplomats, asked about Mr. Hintermann's assertions, acknowledged that the bureaucracy has been deliberately paralyzed by member governments and agreed with him that its difficulties can only be overcome by political decisions in European capitals.

The organization, after many years of tranquility, gained brief international prominence last year with two accomplishments: Under its auspices, European governments agreed to dispatch warships to the Gulf in the summer, then agreed in October to a "platform on European security interests," which was a statement endorsing nuclear deterrence.

"Both times, the WEU side-stepped its own bureaucracy and turned itself into an umbrella under which officials from national defense ministries and foreign min-

istries could meet and agree," a diplomat said, adding: "That formula is the way ahead."

Agreeing on the need for strong leadership from European governments, Mr. Hintermann, in an open letter calling for organizational reforms, deplored European governments' refusal to let the bureaucracy start working on defense issues with European implications. Because of the dispute between Britain and France, he said, the organization had finally "guttered" its own small permanent staff.

Mr. Hintermann, together with most other senior officials, were dismissed late last year, when Britain and France proved unable to agree on the organization's future.

France has championed the expansion of the organization as a "European pillar" to balance the U.S. strength in the Atlantic alliance. Britain, however, wants any tighter military cooperation among European allies to take place with-

in the North Atlantic Treaty Organization.

France, which withdrew its forces from NATO command on July 1, 1966, is politically more comfortable with the European organization and argues that its purely European identity would attract more Europeans to the notion of doing more for their own security.

While some British cabinet ministers reportedly share this French view, Prime Minister Margaret Thatcher has resisted any step that might create what one official called "a European caucus liable to destroy the broad consultations inside NATO and make the Americans think that they are facing a European bloc."

France sponsored the revival in a bid to strengthen Europe's voice in security issues after President Ronald Reagan had discontinued many allies with policy initiatives such as his Strategic Defense Initiative in 1983. Recently, however, Mrs. Thatcher has assumed an increas-

ingly active role in trying to shape European views on NATO affairs.

Britain, Mr. Hintermann said, also curtailed the direct high-level political cooperation that was started by Mr. Cahen.

Quarrels among member governments resulted in a decision last fall to effectively shut down its Paris-based departments — for security, arms control and arms cooperation. These were seen by many as embryonic European agencies in key military areas when the organization, which had been dormant since its creation in 1954, was rejuvenated in 1984.

As a result, Mr. Hintermann said, "instead of tackling the major problems of Europe's security, at a time when the politico-strategic environment is changing, the Permanent Council is joyously devoting itself to permanent bureaucratic restructuring and endless clashes over the place of collection."

The "collocation" issue entails choosing a single city for all of its

offices. Currently the secretariat, which works closely with members of parliament from the seven member nations, is in Paris. But the Permanent Council, comprising ambassadors who report to their governments, is in London.

Britain wants all the offices moved to Brussels, where NATO is headquartered, but France wants it to be headquartered in Paris. Deadlocked, member governments decided in December to shut down, in effect, its small bureaucracy.

As a result, Mr. Hintermann said, "during the Washington summit between Reagan and Gorbachev, the WEU did not spend one second discussing Europe's security. Instead, it spent its time discussing how to reduce the staff in its offices, from officials to drivers." Since 1985, he said, the secretariat had been forbidden by member governments from convening a meeting of its committee on multilateral cooperation on developing new weapons.

In his open letter to European legislators, Mr. Hintermann urged reforms which are consistent with French government views — for example, designating top-rank officials in all capitals to run it, using its departments to start formulating European security issues and expanding the organization, starting with Spain and Portugal.

Viennese Jews Gather to Mourn Victims of Nazism

By Serge Schmemmann
New York Times Service

VIENNA — About a quarter of Vienna's 6,000 Jews crowded into their oldest synagogue on Sunday to commemorate the destruction a half-century ago of their once-thriving community.

"We gathered for this memorial without any official guests," the chief rabbi, Chaim Eisenberg, said in a brief address. "No one can share our pain. No one can feel our suffering."

The memorial service in the community center in the old Jewish quarter was a high point of the days of remembrance marking Austria's absorption 50 years ago by Hitler's Third Reich. The anniversary has prompted considerable soul-searching over the degree to which Austrians welcomed the Anschluss and assisted in Nazi crimes.

"It is good that the lessons of the Anschluss are at last being learned," Rabbi Eisenberg said after the service. "But I would have preferred if they had been spread over the past 50 years."

The persecution of Austria's 190,000 Jews began almost from the moment Hitler made his triumphal entry into Austria, joined by tens of thousands of Austrians, the Nazis forced Jews to scrub sidewalks, gutters and toilets. Tens of thousands were jailed, their property confiscated; tens of thousands were forced to buy their way out of the country, and 65,000 were killed.

Much of that suffering and terror took place in the Gestapo headquarters around the corner from the synagogue. After the service, most of the congregation proceed-

ed to a tent pitched on that site for a commemorative ceremony presided over by Paul Gross, the president of the Jewish community, and Chancellor Franz Vranitzky.

Mr. Vranitzky was greeted with enthusiastic applause, an evident tribute to his strong stance against anti-Semitism and to his forceful speeches over the past three days on the moral need for Austrians to absorb the lessons of their past.

"Even if we can no longer hear them, let the screams of despera-

tion that sounded from the cellars of this site be a constant reminder to us," Mr. Vranitzky said. "We all try to make the things that happened then anonymous, as if afraid to make them too personal or direct. But behind the walls in this place, and in Berlin, and in Auschwitz, the people who worked were very much individuals."

Although many more events commemorating the Anschluss are scheduled in this anniversary year, the Jewish memorial services

marked the conclusion of the "days of remembrance" that began Friday, the anniversary of the day Austria's last independent prewar chancellor resigned under pressure from Hitler.

One of the more curious and most widely discussed events of the weekend was the appearance of Otto von Hapsburg, 75, the son of the last Austrian emperor, at the head of special commemorative services in St. Stephen's Cathedral and then at a reception hall at the Hofburg Palace, from which his family once reigned over the Austro-Hungarian Empire.

Officially, Mr. von Hapsburg was presiding over memorial services by the Pan-European Union, an organization that seeks greater European integration, for the Austrian nationalists who fell to the Nazis. Mr. von Hapsburg himself had fiercely opposed union with Nazi Germany and had offered to step in as head of state to rally the nation shortly before the Anschluss, which Hitler had nicknamed "Operation Otto."

The appearance by the descendant of the emperors and his family, however, attracted a broad variety of Austrian nationalist groupings to St. Stephen's. They ranged from marching bands and honorary regional militia to ancient Catholic student organizations.

Two rows of flag-bearers lined the main aisle of the Gothic cathedral and several hundred people who had gathered for the Mass broke into applause when Mr. von Hapsburg entered. At the end of the service, Mr. von Hapsburg led the colorful assembly to the Hofburg Palace, where he gave an address urging Austria to join the European Community.

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7 Killed as 2 Avalanches Hit Austria

Compiled by Our Staff From Dispatches

INNSBRUCK, Austria — Five Swedish tourists and two Austrians were killed by two avalanches that hit St. Anton in the Arlberg on Sunday. As many as 20 more persons may have been injured when masses of snow buried several houses in the village, the police said.

Three Swedes in critical condition were flown to an Innsbruck clinic and several others were taken to a hospital. Identities of the dead Swedes have not been established. The two Austrians, both local women, were identified by their relatives, he said.

The police said the Swedes were part of a group of tourists that arrived at St. Anton on Saturday. They stayed in a boarding house that was destroyed by the snowslides.

The two avalanches roared down Mount Zwölfkopf shortly before 7 A.M., engulfing a gasoline station

and several houses before they blocked a rail line minutes after a train had passed.

St. Anton is located in the Arlberg area between the provinces of Tyrol and Vorarlberg. It is the center of a well-known ski area that has traditionally attracted Scandinavian and British tourists.

The snowslides ripped off roofs and knocked down walls for 300 to 400 yards, a policeman said. Policemen said the two avalanches had a combined length of about 400 meters (132 feet) and a height of up to 10 meters.

Three other tourists were killed by separate avalanches in the same province on Saturday. Blizzards have swept western Austria since Friday, triggering numerous avalanches and trapping 30,000 people. Among them are former Queen Juliana of the Netherlands and her German-born husband, Prince Bernhard, vacation-

ing in the resort of Lech in the Arlberg mountains above St. Anton.

About 1.8 meters (6 feet) of snow has fallen since the blizzards began. Prince Charles of Britain narrowly escaped an avalanche in Klosters, Switzerland, 45 kilometers (20 miles) southwest of St. Anton, on Thursday. A member of the prince's party was killed.

Virtually all Alpine roads in western Austria were closed and the nation's westernmost province, Vorarlberg, was cut off from the rest of the country.

Even the road tunnel under the Arlberg Pass, intended to provide an all-year link, was closed because of the danger of avalanches on approach roads.

Heavy snow caused chaos in the West German state of Bavaria, where the police said many roads had been closed because of possible avalanches. Several mountain villages were cut off. (AP, Reuters)

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Herald Tribune

Shamir Has It Wrong

Thirty U.S. senators wrote to Secretary of State George Shultz to support his Middle East peace plan and to criticize Prime Minister Yitzhak Shamir for rejecting the heart of the plan: land for peace.

The Past Is Falling Down

You wouldn't want to drop it on your foot, but by any other standard the slab of stone that fell off the shoulder of the Sphinx last month — about a meter long and weighing 300 kilograms — is small to have caused such panic and uproar.

A Laugh on the Thugs

One of the most effective weapons available to government in the fight against organized crime, and the narcotics trade in particular, is the forfeiture of assets that have been the instruments or the fruits of criminal activities.

Other Comment

Fewer Wars in the Future?

[The] post-1945 tally of 17 million war deaths is in absolute numbers bigger than the Great War's toll, and half a fairly cautious guess of what the worldwide slaughter of 1939-1945 may have added up to.

An Urgent Appeal to Washington, London and Bonn

By Desmond M. Tutu

The writer, winner of the Nobel Peace Prize in 1984, is Anglican archbishop of Cape Town and head of the Anglican Church in Southern Africa.

CAPE TOWN — Black South Africans have exercised the most remarkable patience in pressing for their human rights. In the 1950s they launched a nonviolent defiance campaign.

peaceful protest, detain our children and ban our leaders. Step by step, since 1985, President P.W. Botha's government has closed off avenue after avenue of peaceful political change.

ment of violence in our country will turn it into a Lebanon-like wasteland. We felt so strongly about this that on Feb. 29 we tried to proceed to Parliament to present a petition calling on the government to turn from the path it had chosen.

Controlling the News: If Trouble Is Real, It Needs to Be Known

By Flora Lewis

LONDON — South Africa's ban on news coverage of television, radio, and print, especially by television, has worked in a sense. There is no longer a steaming head of outrage in the United States and Western Europe.

arbitrary way they are regulated. South African journalists concluded that the restraints were mainly "symbolic" as far as home opinion was concerned.

Philippines that world reaction can make a difference. Some Israelis would like to suppose that they can learn from South Africa to brazen out challenge by drawing the curtains.

Deventer, a pro-regime Afrikaner and editor of Die Volksblad, says the major threat now from the neo-Nazi right.

Stop the Soviet Arms Flow to Central Americans

By Oscar Arias Sánchez
The writer is president of Costa Rica. He received the 1987 Nobel Peace Prize as author of a peace plan for Central America.

E STEEMED Mr. Gorbachev: In your book "Perestroika," you have indicated your support for the Central American peace efforts.

House and in the U.S. Congress. We have achieved some success. We are listened to as free men who are seeking an opportunity for peace.

would act accordingly. If you did that, the entire world would see that the new political position you have offered mankind is the right one.

Such new words are of the kind that can bring a change of outlook and a solution. They come from awareness that trouble is real. They come from allowing nasty facts to be known.

Middle East: A Lower Soviet Profile, but Leverage in the Gulf

By Jim Hoagland

PARIS — The Soviet Union has been discovering that New Thinking will get you only so far in the Middle East. Policy initiatives are quickly circled and taken prisoner in that politically fragmented region of shifting alliances and causes.

Lincoln knew of what he spoke when he advised against trying to fool all of the people all of the time.

the Arabs that he is not prepared to continue supplying them with arms and advisers on the scale of the past.

stands to benefit incrementally from the changes he is producing.

Arafat: 'Peace Needs Courageous Men'

By Anthony Lewis

T UNIS — We asked Yasser Arafat whether the Palestine Liberation Organization was prepared to make peace with Israel.

hasn't the right to choose the Palestinian delegation," Mr. Arafat said.

He bristled at mention of the recent terrorist attack on a bus near Dimona, the Israeli nuclear center, for which his Fatah took responsibility.

VIENNA — Austria was formally declared a part of the German Reich yesterday [March 13], the union to be ratified by a Nazi-conducted plebiscite of all Germans over 20 years of age in Austria on April 10.

100, 75 AND 50 YEARS AGO

1888: Trouble in Arles

ARLES — Ten thousand people assembled outside the Mairie last night [March 13], shouting for the heads of the Italians who killed two Zouaves in a drunken brawl a couple of nights ago.

1938: The Anschluss

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PERSONAL INVESTING

FOCUS

Distant Grows Of Gold Bears

HA VE WE heard the first growls of a gold bear market or is the metal's bull market just taking a breather? That has become a subject of debate in the past few weeks, as gold prices have dropped roughly 15 percent since December.

Its performance has surprised many analysts, who seemed certain back in October that the metal would benefit from the upheavals in the world's equity markets. But fears of recession, perception of reduced wealth and increased supply have worked together to dampen investors' enthusiasm for gold.

After a brief peak at \$502 per ounce on Dec. 14, gold has been unable to stage a convincing comeback. Since the beginning of the year, the 25 mutual funds tracked by Lipper Analytical Services that specialize in gold stocks generated a negative return of 16.8 percent. "Are these factors revealing a full-fledged bear market or is the bull market going to recover? That's the key question right now," says John Norris, head of precious metals trading at Citibank in New York.

Taking most of the blame for gold's recent collapse are the dire predictions for a recession later this year. Fearful investors have shied away from the metal, which is typically seen as a hedge against inflation. In addition, publicity about the increasing supply and sudden surges in mining surplus has also diminished the level of investor demand for gold.

These are some of the reasons why Rhona O'Connell, precious metals analyst at Shearson Lehman Hutton in London, concludes that there is little chance for a sustained bull market for the rest of this year. Although she thinks the worst is over for gold prices, Ms. O'Connell is predicting that gold will be little changed at an average price of \$420 per ounce through most of 1988.

"In retrospect, we see that gold had risen from \$281 per ounce in February 1985 to \$502 in December 1987 because people were buying it as insurance against problems with the rising equity market," Ms. O'Connell says. But with portfolios adjusted down 20 percent as a result of Black Monday, she says, the demand for gold is not likely to recover to previous levels without a shift in economic expectations.

ME ANWHILE, she says, the supply has been steadily growing 3.7 percent a year since 1981, thanks in large part to increased production in North America and Australia. "That surplus was going to have to show up some time," she says.

Also contributing to the surplus has been the recent decision by several mining companies to raise funds by borrowing gold from commercial banks and selling it in the open market. "A lot of unexpected gold has sold onto the market," says Ms. O'Connell.

Since Black Monday, analysts estimate that gold loans have added between 50 and 70 metric tons to the gold supply. Of the deals made public, American Barrick negotiated a loan involving roughly 8 tons. Bonds, an Australian mine, borrowed about 6 tons. In the past few weeks, First Mississippi mines received a loan of roughly 4 tons.

Experts say that there are more unannounced deals under way, particularly among North American and Australian mines, but they declined to provide specifics because of the sensitivity of the market. They cited the negative impact on gold prices in January, when news of Newmont Mining's loan of 31 tons leaked to the public before the company had a chance to hedge the deal.

Continued on page 10

Dividend Yield
Yield is determined by dividing the annual dividend by a stock's current price. A high yield helps cushion market declines, and a regular dividend pays for the time spent waiting for an undervalued stock to reach its potential. A yield of 5.5 percent or higher would grab a value investor's attention, since the S&P 500's yield is only about 3.5 percent.

Net Current Asset Value
A rough gauge of how much a stockholder would receive if the company were liquidated. This is calculated by subtracting total debt from current assets, those which can be turned into cash within a year. From time to time, that number divided by the number of shares in the company is greater than the share price. Such high-yield companies are a rarity.

The Virtues Of Value Investing Are Back in Style

By Bruce Hager

New York

SHORTLY AFTER the October stock market collapse, managers of the Rea-Graham Fund, a Los Angeles-based mutual fund, submitted an article entitled "Celebrating Black Monday" to several magazines. The crash, they argued, was a positive development for investors who wanted to find true value in the market.

"We weren't pleased that a 500-point drop occurred in one day. But being in a down-market position was better than being in an up-market condition," recalls James Rea Jr., president of the \$54 million fund, which follows rules laid down by co-founders Benjamin Graham and James Rea Sr. "It meant a return to more reasonable values, one where we could add stocks to our portfolio."

Months earlier, while others celebrated, the fund had been forced to sell half of its portfolio because "as value investors, we simply couldn't find stocks to invest in," says Mr. Rea. By the time the market collapsed, Rea-Graham had only 25 percent invested in stocks with the rest in Treasury bills. But while the Dow Jones industrial average plunged 37 percent from its August peak to October nadir, the fund fell one-tenth that amount.

Such are the benefits of value investing. Although it is a term invoked all too often in the market, the strategy represents a well-defined, basic approach used by many investors to buy shares in companies whose intrinsic worth may be underestimated.

The hope is that the marketplace will recognize the stocks' value and bid their prices higher. Once stocks become fully valued, they are usually sold and replaced with stock in other undervalued companies. And if the market falls, value stocks generally do not fall quite as much because they were inexpensive to begin with.

Today, in a market plagued with fitters, value investing is back in vogue for the same fundamental reasons. Value investors measure a company's intrinsic worth based on tangibles like net assets and earnings history, instead of market themes and hot tips.

"People tend to go to fundamentals when the market crashes on them," says David Dreman, managing director of

Continued on page 8

Continued on page 9

Hot New Issues in Tokyo Second Tier

By William G. McBride

WHEN FAMILY Mart Co. hit the Tokyo Stock Exchange's second section on Dec. 8, it quickly set a new standard for hot stocks. Priced at 3,600 yen, the convenience store chain soared as high as 12,200 yen in just a few weeks before settling back to around 9,000 yen.

But Family Mart is only one of about a half dozen spectacular successes in Tokyo's new-issue boom of the last few months. "They've just about all gone through the roof," notes Donald Hay, a portfolio manager at Edinburgh Fund Managers in Scotland, which manages funds that specialize in smaller Japanese companies.

The enthusiastic response to the newcomers highlights a new interest among investors in Tokyo's burgeoning number of second-tier stocks. Smaller stocks in general fit into a growing emphasis on companies with little export exposure and fast-growing profits. But new issues often have added allure because they offer investors their first crack at pure plays on specialized segments of the Japanese economy, especially in the consumer and service area.

Laura Lockyn-Malone of Scudder Stevens & Clark in New York, which manages the Japan Fund and the Scudder New Asia Fund, cites retailers like Family Mart as just one example of "a whole new tier of interesting

companies." As the Japanese economy becomes more consumer-driven, there will be more such opportunities, she believes.

"The retailing industry in Japan is becoming much more segmented," she says. "And most of the attractive plays are in the smaller companies."

Asatsu is a good example of the type of company that has been drawn to the second section and has excited investors. The first Japanese advertising firm to go public, its price has climbed almost 50 percent since a Dec. 1 offering. "We're expecting a couple of more advertising firms to list this year," says Mr. Hay. "There's a domestic push by Japanese companies driving the advertising market."

Specialized technology companies have received a similarly warm response. Namco, a software house that supplies Nintendo, the video games maker, surged 30 percent.

While second-tier stocks began coming under closer scrutiny last spring, it was the infusion of new issues that helped step up the momentum in the first two months of this year. Since Jan. 1, the second-section index is up a hefty 23 percent, while the first-section, home of the blue-chip exporters and big financial stocks, has advanced about 20 percent.

In some ways, the rise in smaller stocks has been helped by technical factors. In Japan, margin buying—the purchase of shares with borrowed

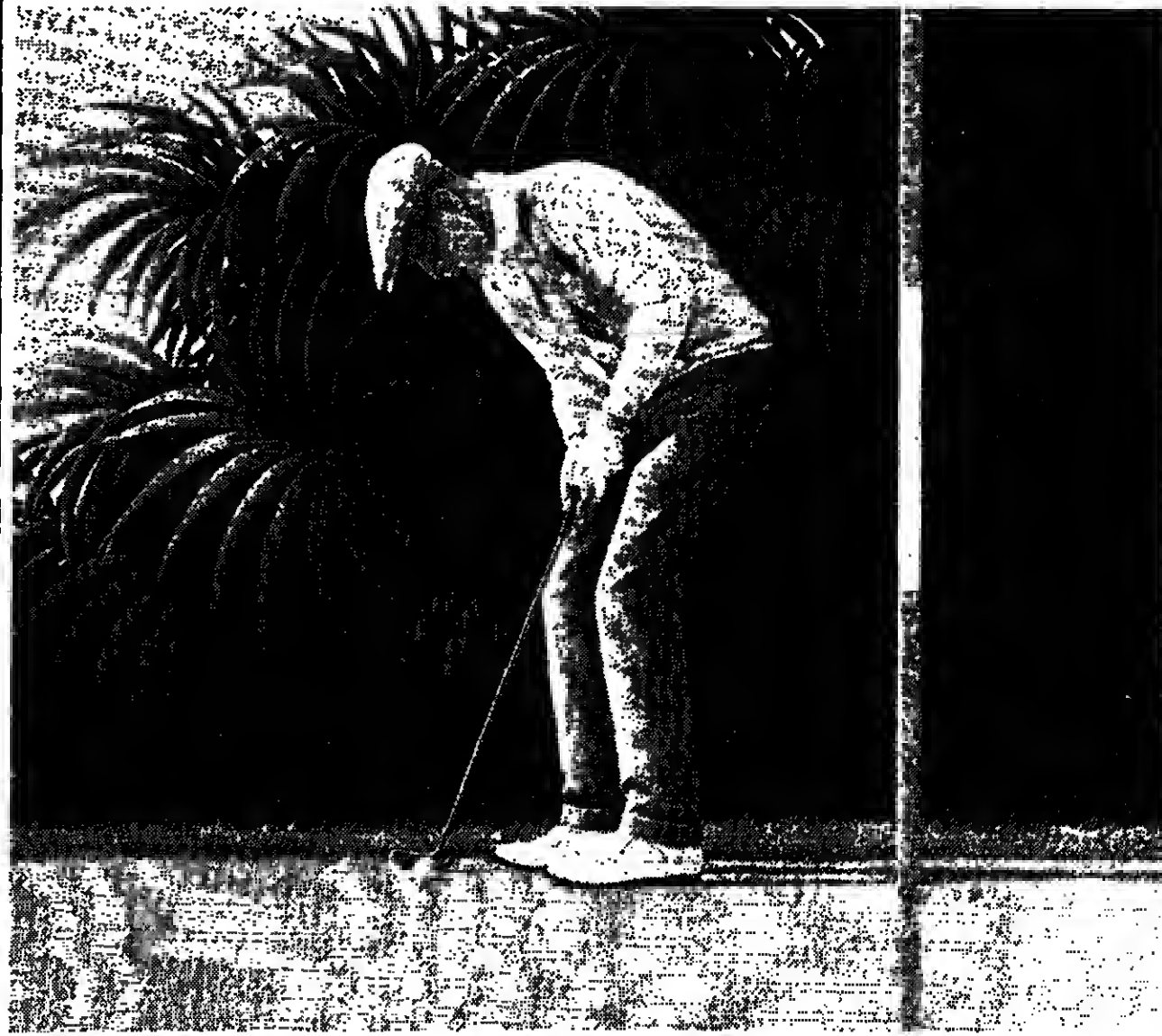
money—is confined to first-section stocks. In a sharp downturn, investors would be forced to sell their stocks to pay off some of their margin loans.

Second-section stocks, with their absence of margin buying, are seen as less vulnerable to a sell-off. That view seemed to have been bolstered by the better performance of smaller stocks in the October crash. During October, the second section fell 10.2 percent, while the first section sank 12.6 percent.

Other factors supporting the market are more transitory, however. And even boosters of smaller stocks doubt that the current pace can be sustained.

There is widespread acknowledgment that the rise in some small-company issues was orchestrated by big Japanese brokerage firms to give valued customers a chance to dress up

The right approach. It takes personal attention and global resources to get where you're going.



COLLECTING

Cashing In on Campaign Mementos

By Cynthia Catterson

WHEN IT comes to this year's presidential candidates, Robert Fratkan is not taking any chances. An avid collector of election memorabilia, he has been busy for the past few months picking up campaign buttons from all of today's presidential hopefuls.

"Right now, you can pick them up for almost nothing, so grab every one you can," he says.

After all, only history will tell which relics from the 1988 run for the White House will have any appreciative power, according to Mr. Fratkan, a vice president at Shearson Lehman Hutton in McLean, Virginia, and a former president of the American Political Items Collectors.

But if past presidential campaigns are any indication, some could prove a lot more valuable in the years ahead. Leftovers from previous campaigns have yielded a steady 5 percent to 10 percent annual return in the last decade, while some of the rarer items have increased in value by as much as 1,000 percent.

Campaign collectibles represent a market where mementos can go for anywhere from 50 cents to several thousand dollars. In general, an item bearing the image of a candidate is more valuable than one with just the candidate's name or slogan.

Likewise, a jugate—a button, ribbon, flag or whatever depicting both the presidential and vice presidential party nominees—can be worth more than a single portrait. But the overall value of any particular piece is determined by the nuances of its rarity and historical significance.

Rarity is by far the most important factor affecting value. That is why political artifacts from 19th- and early 20th-century campaigns are in greater demand and tend to command higher prices than the mass-produced buttons and bumper stickers that became commonplace after 1950.

Nineteenth-century political campaign tris-a-brac such as porcelain tea sets, paper



A campaign ribbon from William Jennings Bryan's 1908 campaign. It is valued at \$400.

fans, walking sticks, ribbons, flags and tintype pins are among the most sought-after items by collectors, says Brian Riba, president of Riba Auctions, a South Glastonbury, Connecticut, specialist in ephemeral items of historical significance. He notes that banners, flags and ribbons tend to be more valuable than pins.

In terms of popularity and historical importance, Mr. Riba notes that Abraham Lincoln memorabilia is the most widely collected,

both in the United States and abroad. Lincoln campaign ribbons usually fetch between \$500 and \$600 at auction, while ribbons for candidates in subsequent election years typically sell for between \$50 and \$150 apiece.

A candidate's popularity, however, is not a sure ticket to a sound investment, warns Mr. Riba. Brass tokens from Lincoln's campaigns can be worth as little as \$20 because they were widely distributed and commonly saved by admirers.

Fewer keepsakes remain from less popular presidents, and some of them can be quite valuable, adds Kenneth Florey, a professor of medieval literature at Southern Connecticut State University and a historical items consultant.

A rare ivory and paper campaign fan to remind voters of Franklin Pierce, the 14th president of the United States who served between 1853 and 1857, recently sold at auction for \$1,500, and a campaign ribbon from Martin Van Buren's run for office in 1836 recently fetched \$2,500.

Likewise, Mr. Florey notes that presidential contenders do not necessarily have to win the election for their campaign materials to become collectible. "Some candidates were expected to lose anyway, so little money was put into their campaigns," he explains.

Scarce products from less well-known losers like Henry Clay, Lewis Cass, General George McClellan and John Davis create a stir whenever they appear on the auction block. Some of the most precious campaign items are from James Cox and his running mate, Franklin D. Roosevelt, a team that few expected to win the 1920 election.

As a result, Shearson's Mr. Fratkan says, "You can find a number of beautiful McKinley color picture buttons from the 1896 and 1900 elections for less than \$10, but it's difficult to find Cox picture buttons, which were only made in black and white, for less than \$50."

Mr. Fratkan also points out that because there are only about 80 known Cox-Roosevelt

Continued on page 11

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BOURSES

Tokyo's Second Tier Outpaces the Blue Chips

Some new issues gave investors their first crack at promising economic sectors.

Continued from page 7

their portfolios before the end of the fiscal year on March 31.

Such manipulation is not uncommon in Tokyo. Indeed, the Ministry of Finance already has disclosed inquiries into the price movements of a few second-section stocks. A recent announcement mentioned Koto Industries, a maker of traffic signal equipment that joined the second section on Nov. 1.

Moreover, some skeptics say the surge in second-tier stocks will evaporate as big institutional investors, especially foreign fund managers, again exert their preference for larger companies. But other analysts, while acknowledging that smaller stocks may stumble in the near term, see the return of an era in which second-tier stocks routinely outperformed larger issues.

Ron Napier, a Tokyo-based analyst with Salomon Brothers, notes that smaller stocks outperformed larger stocks for most of the 1970s. As would be expected with faster-growing companies, second-section issues in those days commanded a higher price-earnings multiple than the first-section stocks.

By the mid-1980s, Mr. Napier notes, "we had a tremendous institutionalization of money" in the likes of insurance companies and special trust funds. The managers

of these huge portfolios were "uninterested in small, thinly traded stocks," he says.

During 1985 and 1986, small stocks were so out of favor that they began to trade at a discount to the big blue chips. Even now, based on profit expectations in the year ahead, Mr. Hay estimates that the average price-earnings multiple of second-section stocks is about 48, versus 57 for the first section.

"We see that really changing," says Mr. Napier. Changes in pension-fund management laws will allow corporations to oversee their own portfolios, he notes, widening the potential number of investors for whom smaller stocks would make sense.

On a more fundamental level, the impressive earnings growth anticipated for many smaller companies combined with the attractive price-earnings multiples will continue to entice investors, says Ed Mermer of Schroders (Asia) Ltd., which advises the firm's London-based unit trusts. "We definitely have more of an earnings-driven market," he says. "And many smaller companies fit that criteria."

Investors can no longer count on major declines in interest rates and huge inflows of cash to power the market, as it did over the last two or three years, he says. Given these new conditions, says Mr. Mermer, "I think the second section is more likely to outperform the first."



Nigel Barry of Dunedin sees the rebound in smaller stocks as a sustained trend.

The New Interest in Small Stocks

By Marybeth Nibley

LAST SPRING and summer, Nigel Barry felt distinctly unpopular. "Nobody wanted to know me," recalls the 28-year-old investment manager at Dunedin Fund Managers Ltd., where he oversees the Japan Smaller Companies Trust and the Far East Trust.

He remembers meetings in London at which people paid little attention to what he had to say about Japan. At the time, they were far more interested in Asia's booming smaller markets. Less intriguing were the shares of Japanese smaller companies, which were lagging behind the blue chips.

But lately, Mr. Barry's view are getting a more cordial reception.

After languishing near the bottom of the mutual funds standings, the Dunedin Japan Smaller Companies Trust has moved up strongly in recent months, with its offering price climbing 24 percent since the first of the year.

It ranked fifth in Opal Statistics Ltd.'s February performance table of U.K. mutual funds. The Japan Smaller Companies Trust is up 121.5 percent since it was launched in September 1985.

That leaves the Dunedin trust, with assets valued at a modest £13 million, a few percentage points larger than its level before last October's crash. And it reflects the resilience of the Japanese market in general, and the enthusiasm for Tokyo's smaller, second-section stocks in particular.

The trading boom has driven the second-section index above the record set before last autumn's plunge, but some analysts are saying the ardor is about to cool. Soon, say skeptics, first-section heavyweights soon will outrun second-section stocks as foreign money returns to Tokyo.

Mr. Barry is more sanguine. He believes a "little setback" may occur in the short term, but second-section stocks still hold promise. "On an historic basis, we don't believe the second section is overpriced," he says.

Based in Edinburgh, Mr. Barry travels to Japan about every nine months to spend time with the management at several companies. He sees advantages in working far from Tokyo's often speculative atmosphere. "Working here, you're not trapped in a market, and you can take a good global view," he says.

Indeed, Scottish money managers have built up something of a reputation for focusing on smaller, lesser-known Japanese companies. Edinburgh Fund Managers Ltd. and Baillie Gifford Ltd., also in Edinburgh, both manage investment trusts and mutual funds specializing in Japanese small stocks. All told, there are over 20 U.K.-registered funds and offshore funds that target these investments.

Like many managers of these smaller-company funds, Mr. Barry puts a heavy emphasis on shares that will likely benefit from rising incomes in Japan, and the growing consumer appetite for upscale clothing and home furnishings. Currently, about 23 percent of the trust is invested in the consumer and retail sectors.

Suzutani fits into this view. The retailer caters to the Japanese students and young professionals who seek reasonably priced, stylish clothing.

Another example is Seibu, a restaurant chain marketing Japanese and Western-style foods, which may benefit from loosening controls on imported foods, Mr. Barry believes.

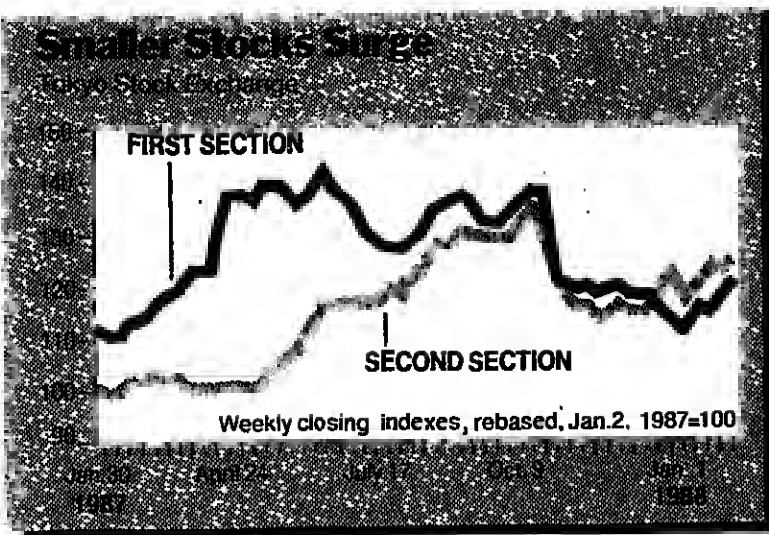
The trust also has a stake in Eideisha, a retailer of consumer electronics goods that is based in Nagoya, Toyota's headquarters. That region is regarded as heading toward economic recovery, which, in turn, could help consumer spending.

The crash last October prompted Mr. Barry to raise cash to meet redemptions. Among the shares he sold were Chiyoda Shoe Shop, which has seen sharp increases in profit as it branches into toys and clothing. Lately, though, he has been buying back the stock on the belief that the company still has impressive growth ahead.

Another holding he trimmed back was Toochigi Fuji Sangyo, a manufacturer of four-wheeled drive vehicles. These vehicles caught the Japanese consumers' fancy, but some analysts suspect the fad will not survive much longer.

"I'm wondering how what's going to be the next gadget," Mr. Barry says. No money spinner, like the video tape player, is heading for the market, he says, but he is exploring the potential in high-definition televisions.

Leisure activities are another theme in Mr. Barry's strategy. As Japanese are encouraged to increase their leisure time, the tourism business will grow, he figures. The trust seeks to cash in on the trend through Tokyo Tourist, a division of the Tokyo Group. It is one of the few quoted firms in the tourism field.



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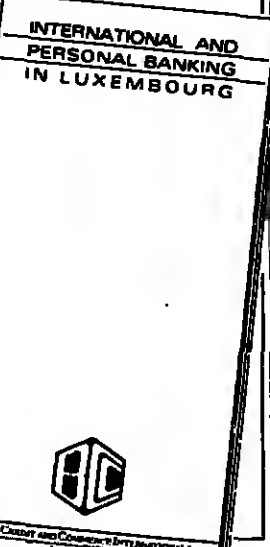
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BOURSES

The Virtues of Value Investing

Continued from page 7

Dreman Value Management, a New York money management firm. "You want strong companies and you don't want to pay much for them."

Take Cipher Data Products, a maker of data storage devices used to back up memory in microcomputers. After the October crash, the stock was selling on the over-the-counter market for less than its current net asset value, or current assets minus current liabilities and long-term debt. That meant an investor could buy the company for its working capital, with the fixed assets thrown in for free.

A conservative strategy, value investing is best used with patience and discipline because stocks might take two to five years to become fully valued. Indeed, during the five-year bull market, value investors were often left in the dust behind those chasing speculative companies.

"A value investor picking only stocks with the lowest price/earnings multiple from the Standard & Poor's 500 index would have had a total return of 100 percent compared with 112 percent for the S&P 500 itself. A value investor following the same strategy for the last 10 years, however, would have seen his stocks return 450 percent, compared with 303 percent for the S&P."

"If you're going to apply value principles, it's a discipline you really have to stick with," says Mark Keller, a value analyst with A.G. Edwards in St. Louis. "Value investors rarely show up at the top of the pack in the short term."

The concept of value investing dates back to when two Columbia University business professors, Benjamin Graham and David L. Dodd, set out to develop a method of analyzing a company's intrinsic value in the aftermath of the 1929 crash. The result, a treatise called "Security Analysis" (McGraw-Hill, \$49.95) published in 1934, became the value investor's bible.

If Graham and Dodd wrote the bible, however, value evangelists have spread the word through different denominations. Some prefer companies with strong income statements, with good cash flow and a history of earnings growth and dividend increases. Others put more emphasis on a healthy balance sheet, with little or no debt and enough assets to make a company attractive as a buyout or takeover candidate.

The latter approach, preferred by traditional takeover specialists, has radically changed the landscape of corporate America over the past decade. "A lot of these takeovers are shareholders recognizing the value of these assets and getting a higher return on them or trying to get them out," says Larry Harris, manager of the Worldwide Value Fund.

To screen stocks, value investors use a number of tools developed by Graham and Dodd. Chief among them is the price/earnings multiple, a measure of a company's earnings power.

The higher the multiple, the more people are paying for a company's earnings growth prospects. If a company has a low multiple, then investors either believe the company will do poorly or have overlooked the stock.

High multiples are usually associated with young, fast-growing companies and carry a higher degree of risk because high expecta-

tions are easily unfulfilled. That risk can extend to entire markets. When the S&P 500 multiple reached 19 in August, for instance, most investors ignored price/earnings ratios and bought on sheer speculation.

"People were saying, so what, P/E ratios are getting towards 20, we have all this money sloshing around in the system, don't worry," says Arnold Kaufman, editor of The Outlook, a newsletter published by Standard & Poor's. "Today," adds Mr. Kaufman, "people are looking at P/E ratios again."

But the multiples are not enough. Valuation measures have to be looked at with a general macroeconomic view, including interest rates and inflation. Most value investors look for stocks that fit several value criteria at the same time.

William Leung, president of the Gradison Established Growth Fund in Cincinnati, looks for a combination of low price-to-book ratios, rising earnings and a healthy return on equity. Two companies that fit include F.W. Woolworth's and Ford Motor Co.

Ford has a 1.5 price-to-book ratio compared with the S&P 500 average of 2 and a 22 percent return on equity compared with an average of about 12 percent. As for F.W. Woolworth, the company has a 14.5 percent return on equity and a 1.7 price-to-book. Although Woolworth's 2.8 percent yield is below the 3.5 yield market average, Ford's is an agreeable 4.4 percent.

"The way we seek out value is to constantly search for assets that can be bought the cheapest," says Mr. Leung, whose fund has an average price-to-book value of 1.2. "If we have 100 companies that pass our buy screens, then we pick those that are selling at the lowest price-to-book."

Mr. Rea uses a computer model based on 10 criteria to screen about 4,000 domestic stocks and between 1,800 and 2,000 non-U.S. issues. Financial soundness is a primary consideration. The fund looks for companies whose total debt never exceeds twice the value of their assets if they suddenly went out of business.

Moreover, the fund prefers companies that have doubled their earnings in 10 years and have at least a 7 percent annual compounded growth in net income.

Aetna, General Motors and Detroit Edison currently meet Mr. Rea's criteria. He also finds value in Far West Financial, a savings and loan, which last week was selling for about \$11 a share. The fund will continue to acquire shares until the price reaches \$12.75 and then sell at \$19.25 a share, Mr. Rea says.

Investors who prefer to do their own calculations can determine value characteristics from the financial statements of annual reports. And for those who have personal computers, software programs that screen stocks according to value criteria are available from Standard & Poor's as well as Value Line Investment Services in New York.



James Rea Jr. found a bright side to the crash.

Still, a value investor would be the first to admit that stocks rarely meet all criteria. "I once ran a screen of 700 stocks and was so stringent that there were only about 10 stocks that made it," says Mr. Dreman of Dreman Value Management. "You can't be too tough."

Merchant Banks: Still on Ropes

By Marybeth Nibley

Slack Sector Prices in pence

	52-Week High-Low	Price March 7
Kleinwort Benson	610-277	379
Warburg	575-265	344
Morgan Grenfell	593-208	268
Schroders	1,700-702	950
Hambros	386-222	258

THE BEST measure of sentiment when it comes to Britain's merchant banks nowadays is probably the widespread sympathy the sector evokes among analysts. "I feel sorry for them," says John Tyce of Alexander's Laing & Cruickshank Ltd. "I do feel quite pessimistic because all their areas of activity are stock market driven, and there is little evidence of a revival."

Rod Barrett, an analyst at Hoare Govett Ltd., says merchant bank stocks are behaving as expected given the behavior of the stock market itself. Apart from the market collapse, the transformation of the industry spawned by the deregulation of London's markets, known as the Big Bang, still is taking place.

"You've got a process of change that just goes on and on and on," says Mr. Barrett. "The revolution didn't start one day and finish the next."

Consequently, merchant banks, which had spent most of 1986 and 1987 gearing up their securities operations for an expected boom in business — and commissions — are suffering. Staffing levels remain too high and the teams of specialists that were hired to handle the proliferation of new financial products are turning out to be a drag on profitability.

Robert Grant, an analyst with Capel-Cure Myers, says demand for innovative products still exists but the trend seems to be back toward traditional investment vehicles.

"The old-fashioned merchant banking activities, corporate finance and commercial banking, are holding up quite well," observes Hugh Fye of County NatWest Securities. "The corporate economy is quite buoyant."

Not all the investment and securities groups are in pitiable positions. Analysts regard S.G. Warburg Group PLC as the soundest and its merchant banking unit as the industry flagship.

"I believe that they have managed to build up the best-integrated operation," says Mr. Fye, noting that Warburg's risk-averse and cautious style appeals to clients during volatile times. Adds David Poutney, an analyst with Barclays de Zoete Wedd, "Warburg is the only merchant bank that appears to have its act together."

Pre-tax profits came to £98 million in the fiscal year ended March 31, 1987, compared with £91.8 million in 1986. Mr. Fye predicts 1988 earnings at £128 million and 1989's at £139 million.

Analysts said the expansion strategy Warburg pursued of buying existing securities operations and melding them into the group with a minimum amount of disruption has paid off. Other groups who attempted to develop their own units in what appeared at the time to be a more economical strategy have fared far worse.

Still, analysts believe shares in Warburg are attractive only as a long-term investment. "The stock is trading close to book. If we're in

for a protracted period of low turnover, Warburg can only walk on water once in a while," according to Mr. Tyce of Alexander's Laing and Cruickshank.

In many ways, Warburg has taken over the center stage from Morgan Grenfell Group PLC. Morgan Grenfell shares were bid up amid takeover talk that developed in the aftermath of the Guinness PLC affair. Analysts tend to dismiss the talk now and recommend that investors sell their shares.

The speculative element that has kept Morgan Grenfell stock aloft is unwarranted, analysts say. First of all, senior management does not want to be bought out, analysts contend. Moreover, they note that the Bank of England usually discourages unfriendly takeovers in the merchant banking field.

By contrast, analysts are more optimistic when it comes to Kleinwort Benson Group PLC. Mr. Poutney of Barclays de Zoete Wedd says that a year ago Kleinwort Benson was seen as a core holding, but now after a tough time it looks more like a speculative play with attractive assets.

Kleinwort Benson shares lagged behind the market over the past year and have been trading at a discount to net asset value, the only stock in the sector to do so. The shares have been at a discount largely because much of last September's £144 million rights issue was left in the hands of underwriters due to the crash. This, according to analysts, could open the door to takeover activity.

Alexander's Laing & Cruickshank's Mr. Tyce sees "a big bounce coming" eventually in Kleinwort Benson's earnings. Pre-tax profits could jump as high as £110 million in 1988, up from an estimated £68 million in 1987 and about £79 million in 1986.

Another stock that some analysts favor is the much smaller Singer & Friedlander Group PLC. Created in 1987, the group is made up of a merchant bank and a property division and has no direct exposure to the securities industry. It is not considered a merchant bank, but merchant banking profits dominate.

Hambros PLC also is considered separately by analysts. It has gone in a different direction, focusing on retail financial services through its real estate agency, Hambro Countrywide.

Pitfalls for Global Value Players

THE TECHNIQUES of value investing came of age in the United States, where securities law mandates uniform disclosure by public corporations. But different laws, accounting procedures and market behavior often confound value investors who try to apply the principles across borders.

Many value investors are staying clear of Japan, for instance, because the market has been selling as high as 60 times earnings, an unheard-of valuation level by U.S. standards. But some investors say accounting differences make the price/earnings multiple a less useful concept in Japan. They note that local players put more emphasis on such factors as a company's market share and intangibles like prestige and corporate connections.

Sometimes, financial information can be too sketchy to carry out detailed value analysis. A case in point is Spain, where value seekers have been focusing more attention recently. Consolidated financial statements are not required, and the parent company financial statements are usually the only ones made available to potential investors. Income taxes are generally not reflected as an expense in the income statement.

Apart from accounting anomalies, value investing does not always have the same payoff in markets where companies feel little pressure from shareholders or where there is little threat of takeover. In such cases, an undervalued stock could stay undervalued for some time.

Some analysts believe changes are afoot in Europe that could make value plays more attractive. Governments are loosening control on state-subsidized companies and investors are challenging the status quo of formerly inviolable institutions like Societe Generale de Belgique, they note.

"Under the ancien régime, the breaking up was hard to do because the entrenched management could depend upon the protection of the establishment," says Larry Harris, London-based adviser to the Worldwide Value Fund, which invests in markets around the world.

A Worldly Approach

Worldwide Value Fund's top five holdings:

- General Motors**: Detroit's biggest food retailer. It has a 1.5 price-to-book ratio and a 22% return on equity. The stock is selling at \$11 a share. The fund will continue to acquire shares until the price reaches \$12.75 and then sell at \$19.25 a share, Mr. Rea says.
- Far West Financial**: A savings and loan, which last week was selling for about \$11 a share. The fund will continue to acquire shares until the price reaches \$12.75 and then sell at \$19.25 a share, Mr. Rea says.
- Food Lion's**: Selling at \$15.50, or 3 times earnings. It recently paid for \$16.25 a share.
- British Petroleum**: The British company owns 50% of a U.S. oil producer and processor. It also owns a U.S. oil refiner in North Carolina. The stock is selling at \$15.50, or 3 times earnings. It recently paid for \$16.25 a share.
- Food Lion's**: Selling at \$15.50, or 3 times earnings. It recently paid for \$16.25 a share.

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COMMODITIES

Why a Dip In the Pools Takes Nerve

By Elena Bowes

WILLIAM DUNN has some simple advice for potential clients. "Make sure you are comfortable with the style of trading," says the president of Dunn Commodities Inc.

Such counsel is useful, Mr. Dunn says, when investing in private commodity pools. Similar to public commodity funds, pools invest in a wide variety of futures contracts.

But unlike public funds, which are considered securities and are regulated by the Securities and Exchange Commission, pools are considered private placements and fall under the jurisdiction of the Commodity Futures Trading Commission.

Moreover, individual pools are limited to 35 investors, who must meet certain income and net worth requirements. Indeed, membership in a pool does not come cheap. Minimum investment requirements range from \$25,000 to \$50,000.

Pools also differ when it comes to trading style. They are known for an aggressive approach because their investors generally can withstand more risk.

Still, in some ways, pools cost less. According to Leon Rose, publisher of Managed Account Reports, the principal cost difference lies in the commissions.

As a group, private commodity pools performed well in 1987, averaging a 36 percent return for the year. This compares with a 10 percent gain in 1986.

But Morton Baratz, editor of the newsletter, cautions that there were wide discrepancies among various pools, underscoring the need

Table with 2 columns: Fund Name and Percentage Change. Includes Kenmar Int'l Fut. Fund B (+193.8%), Alpha Futures Assoc., LP (+159.5%), Canterbury Commodities (+114.4%), Gateway Associates (+98.5%), and Mascieri Futures Fund (+90.0%).

to select a pool with a shrewd adviser. By contrast, he says the funds generally performed in a similar fashion.

As in the case of public funds, private pools have been drawing the attention of investors seeking diversification in the wake of last year's upheaval in the stock market.

William Levin, president of New Jersey-based Orion Inc., believes the current uncertainties could help the pools. "The word sta-



William A. Dunn on the phone and Pierre Tullier, an aide.

bility is anathema to us," he says. "The same conditions of predictability, certainty and confidence which make stocks and bonds prosper, make it difficult for commodities, which thrive on price movement, to do well."

Like their public counterparts, the pools trade a wide variety of agricultural and financial futures ranging from soybean and wheat futures to Australian stock indices.

The vast majority of pool operators describe themselves as trend-following technicians who try to predict commodity prices by analyzing past and current price movements, rather than studying fundamentals such as supply and demand.

Currently, many advisers continue to concentrate on financial futures. For example, John Henry, president of the California-based company that bears his name, is long on the Australian dollar and short on such European currencies as the Swiss franc and the pound.

Experts say an investment in commodity pools should not account for more than 20 to 30 percent of an individual's portfolio.

In selecting a pool, Bertram Schuster, an investment adviser with Dean Witter in Chicago, suggests that investors look for advisers who can present audited data concerning their pool's performance and compare the performance of similar-sized pools.

Another consideration is the number of advisers who trade for the pool. Although most pools have only one adviser, some have several advisers who divide up the pool's capital and pursue different technical trading strategies.

Finally, an investor should be patient. While an investor may expect a minimum average annual return of 20 percent over three years, advisers try to dissuade clients from moving in and out of pools. Before accepting an investor to one of his pools, Mr. Dunn questions him as to whether he can live with the so-called "wriggle," the ups and downs that pools generally experience from month to month.

STRATEGY

Safety Nets in a Nervous Market

WHEN THE WORD "volatile" appears in print these days, it is a good bet that the next word will be "stock market."

To cope, investors have been turning to two tried-and-true trading techniques: stop orders and limit orders. Simply put, these are detailed instructions to a broker specifying at what prices shares should be bought and sold.

Stop and limit orders let investors "call the shots" on when they want to trade, says Tom Taggart, a spokesman at Charles Schwab & Co.

While these techniques can be valuable safety nets in a nervous market, they have their own special pitfalls, warn professionals.

A stop order instructs a broker to execute a purchase or sale as soon as a stock reaches a trigger price designated by the investor. These are most often used to protect profits or minimize losses if a stock drops.

An investor who bought a stock at \$10 and saw it rise to \$20 might put in a "stop loss" order at \$17. If the stock falls to that price, the stop order becomes what is known as a "market order."

An important point: The stop order is no guarantee that the trade will be done at the trigger price. Last October, few stop loss orders were executed at, or even near, the trigger price.

In a best-case scenario, "an investor is protecting himself," says Mary Calhoun, a former broker and author of "The Guide to Investor Protection."

There is also a risk of being "whipsawed" in a temporary market downturn, especially if the stop order's trigger price is set too close to the current price. For example, the stock trading at \$20 might drop to the trigger price of \$17 — at which point the holdings would be sold — and then rebound to \$21.

With limit orders, the goal is to pay no more than a set price when buying a security or to receive no less than a previously established minimum when selling. An investor who wanted to pay no more than \$34 for an issue trading above that price, for example, would enter a limit order with a broker. Should the stock fall to \$34 or below, the broker would buy automatically.

"I recommend very strongly to investors that they use limit orders," says Ms. Calhoun. For "an investor who is concerned about timing, a limit order is the best way to execute an order, the best way to avoid error."

February Market Scoreboard

Table with 4 columns: Exchange, Fund Name, Percent Change, Price Feb. 29. Includes New York Stock Exchange, American Stock Exchange, Over the Counter, London Stock Exchange, and Tokyo Stock Exchange.

Ms. Calhoun notes. During a month when she was traveling, she placed a one-week limit order on 300 shares of an issue, instructing her broker to sell when the price reached \$11.875.

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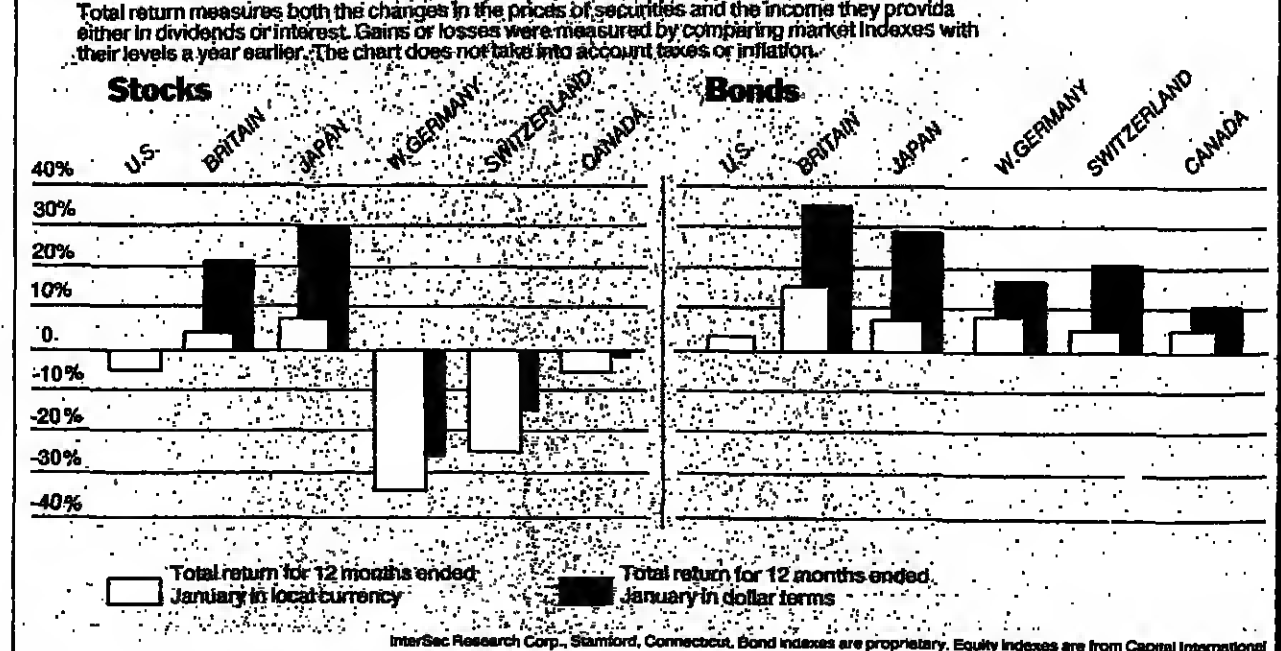


When Lillian and Stewart Kelly, pictured above, won Canada's record Lotto jackpot of \$13,890,588.80 there were over 1 million winners in total, with over \$370,000,000 in prize money awarded.

PRIZE BREAKDOWN table with columns: PRIZES, NO. OF PRIZES, PRIZE VALUE. Shows 1st prize of \$13,890,588.80 and other prize levels.

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FOCUS

Continued from page 7
There are rumors, however, that Newmont Mining's parent, Consolidated Gold Fields of Britain, is planning to raise 9 tons to cover the debt it incurred while fighting a hostile takeover bid by T. Boone Pickens.

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BONDS

Junk Bonds' Juicy Yields Attract High Rollers

Advocates say fear has created some bargains.

By David C. Lanchner

TRADITIONALISTS would call Warren Green a risk taker. Although the president of American Investors Income Fund, a junk bond portfolio, disputes the accuracy of the moniker, he does not care if people believe it. If low-rated bonds weren't considered dangerous, they wouldn't be worth investing in," he says.

Mr. Green and other junk specialists have said for years that the premium on junk bonds — 3 to 5.5 percentage points higher than the yield on Treasury and corporate instruments rated BBB or better — more than compensates for the actual level of risk.

Even the persistent fears that Drexel Burnham Lambert, the biggest market maker in high-yield bonds, could be implicated in the insider trading scandals and collapse the secondary market have not deterred them from their commitment to junk. And despite fears that a recession could lead to widespread junk bond defaults, Mr. Green remains confident.

Indeed, the market has recovered from last year's setbacks, when rising interest rates depressed prices of all fixed-income instruments. Immediately following last October's stock market collapse, the yield spread between Treasuries and junk, which had been narrowing, widened a full 2 percentage points to 5.5 points on fears of a recession.

While yields have come down somewhat, the premium over government issues remains high at about 5 percentage points. "Irrational fear has produced bargains," Mr. Green says.

The chief reason for the attractive spread is that the vast bulk of junk bonds have yet to be tested by a sharp downturn in the economy, a chronic concern on Wall Street nowadays, and issuers must compensate for investor skepticism.

The average default loss since 1971 has been 1.2 percent a year. This is why experts suggest that individuals invest in a diversified junk bond portfolio rather than buy issues directly.



Edward Altman, a finance professor at New York University, fully expects that number to rise significantly if bonds issued in the overheated investment atmosphere of the bull market hit a recession.

He maintains, however, that junk would continue to outperform more solid Treasury and better-rated corporate bonds. "For profits to erode to the investment-grade level you'd have to see an unprecedented 10 percent annual loss from defaults. For that to happen we would have to be in deep depression," he says.

Another explanation for the unusually high yields is concern over liquidity. If Drexel Burnham or its

main junk bond impresario, Michael Milken, are dragged down by the insider trading scandal, some analysts fear the market for many high-yield bonds could disappear. "They're the cement that binds everything together," says one money manager.

Conceivably, if Drexel were no longer able to line up issuers with big institutional buyers, investors might panic and pull funds out of the market. As prices plummeted, other investment banks might reduce their exposure, further evaporating the liquidity of many junk issues.

Richard Cryan, assistant portfolio manager of the Fidelity High Yield Bond Fund, believes such a possibility is remote. "A year and a half ago, when the next three largest issuers had only half of Drexel's market share, the collapse of the market was a real concern, but no more," he says. In 1987, the combined share of these firms — Morgan Stanley, First Boston, Merrill Lynch — jumped to 43 percent, surpassing Drexel's hold on the market by 5 percent.

Better yet, says Mr. Cryan, the firms now have a vested interest in maintaining market share and guaranteeing liquidity, since the junk market is valuable as a source of financing for lucrative mergers and acquisitions.

Convinced that the market has a newly won stability, Mr. Cryan is looking at second- and third-tier junk with renewed interest. While post-crash jitters sent yields on all junk upward, many of the larger, better-known issues, such as Burlington, Borg Warner and Safeway Stores, have seen a recent buying rally that has significantly reduced their yields.

Two of Mr. Cryan's current favorites are Dayton Walther 16 1/2s and Eastern 17 1/2s, maturing in 1997.

Mr. Cryan says that the Dayton Walther bonds have been ignored not because they represent a credit risk but because the issue is too small to be worth the attention of most large institutional buyers. Dayton Walther, he says, has a strong cash flow that covers interest by a margin of 2 to 1.

Mr. Cryan's Eastern bonds are secured by Boeing 727s, which must be turned over to investors within 60 days of a default. Eastern, currently engaged in a fierce competitive battle with other airlines, faces a possible strike later this year.

"Even if Eastern were to go under, you'd get those planes, which would bring 85 to 90 cents on the dollar. Combined with the yield you would receive up to bankruptcy, that's a winning proposition," he says.

Not all professionals are so confident about the junk bond market. "What passes for a good high yield credit today would have been at the bottom of the heap four years ago," says Michael Metz, a money manager and portfolio strategist at Oppenheimer & Co. "As rising equity covered up weaknesses and as commissions became more and more lucrative, you got an ever-increasing number of demented deals."

SOME MONEY managers who share Mr. Metz's view, point to junk offerings from some of the nation's most established companies as examples of the market's excesses. Burlington Industries, once the nation's leading textile manufacturer, financed a leveraged buyout last September with junk bonds. Yet yields on these bonds, issued at 16 percent, are so high that company debt cannot be paid solely out of operating revenue. While few doubt Burlington will successfully cover payments with spinoffs and asset sales, the precarious nature of such "blue-chip junk deals" have professionals like Mr. Metz worried.

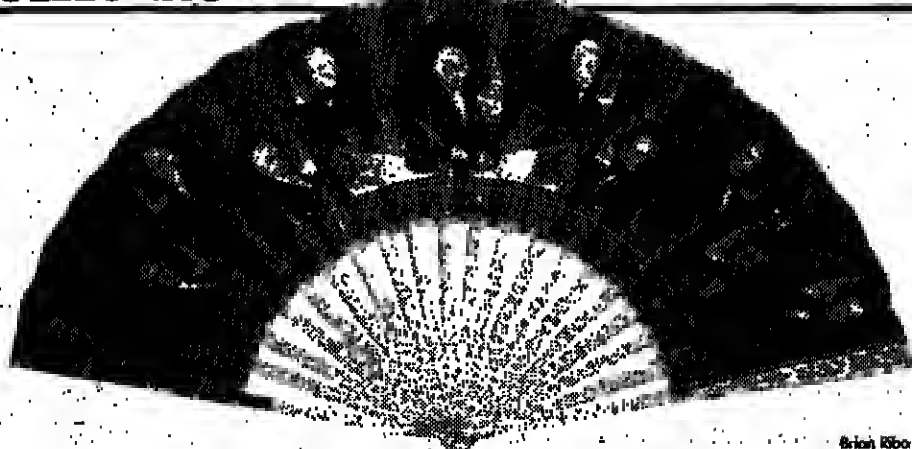
"Unbelievably enough, a lot of these bonds say in black and white that they cannot pay interest from operating expenses. With depressed equity prices, who knows how many of these deals might fall through," Mr. Metz says.

The market strategist is also cynical about claims that investment houses have a vested interest in maintaining liquidity. He believes the primary reason investment banking houses have been cutting into Drexel's market share are the "obscenely high commissions that can be made."

The pressure to increase their junk business has only meant even more questionable offerings, says Mr. Metz, that could ultimately sharpen the severity of a liquidity crisis.

Shearson High Yield	6.0%	76.6%	10.6%
Fidelity High Yield	1.1%	96.2%	11.8%
Putnam High Yield	3.6%	77.4%	12.6%

COLLECTING



A fan from James Polk's campaign of 1845. It recently sold for \$1,200.

Cashing In on Campaign Items

Continued from page 7

ingate buttons, these pieces commonly command between \$3,000 and \$6,000 at auction. By contrast, the jugates of their opponents, Warren Harding and Calvin Coolidge, are more plentiful and rarely sell for more than \$500.

In fact, a Chicago lawyer and ardent Roosevelt collector outbid Malcolm Forbes Jr. at a 1981 auction and paid \$33,000 for the coveted campaign button. It was the highest price ever paid for a political item, but some experts estimate the actual value of the button was about half the auction price.

Modern campaign collectibles are noticeably different. The advent of the 30-second televised spot has largely supplanted the panoply of items that candidates used to get their message across. Moreover, many collectors shy

away from pieces used in recent campaigns because it is difficult to determine how many were manufactured and remain in circulation.

"You never know when boxes of these things will turn up in the basement of some local headquarters," says Mr. Frarkin.

For these reasons, veteran collectors caution newcomers against spending a large amount of money on any modern campaign item.

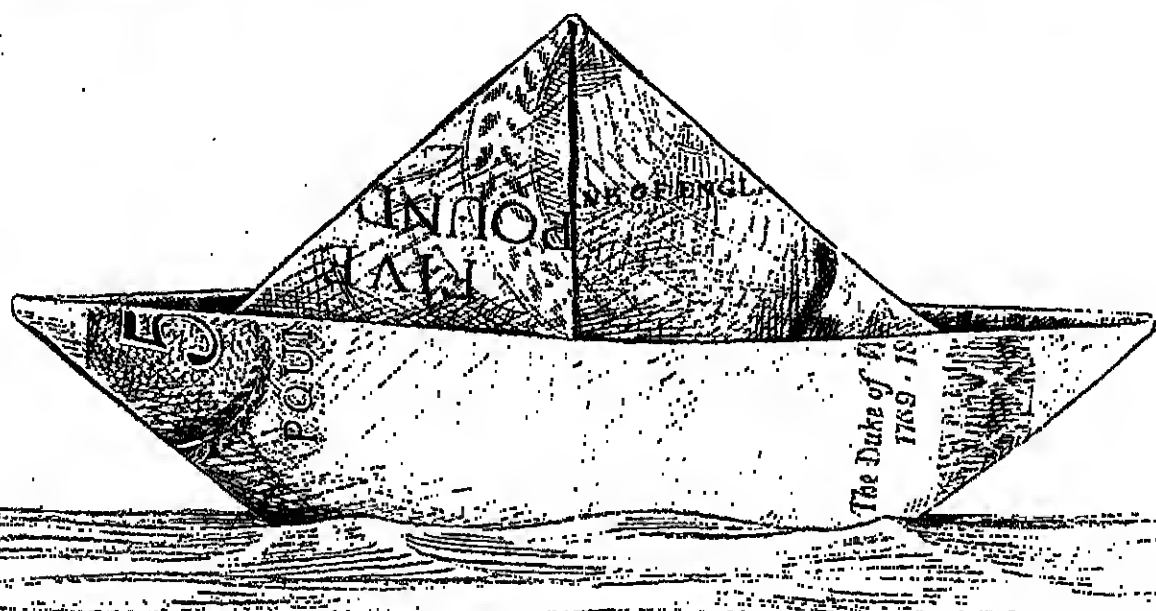
Some uncommon buttons from post-World War II candidates such as Harry S. Truman, John F. Kennedy, and Richard M. Nixon are in demand among collectors, Mr. Frarkin says, and can trade for more than \$100 each. Likewise, unusual party tickets, such as the ill-fated attempt by Edmund Muskie and Thomas Eagleton, or unprecedented campaigns, like Walter Mondale's and Geraldine Ferraro's, have a good chance to

increase in value through the years.

At best, specialists suggest that contemporary campaign articles distributed by local party offices or sold for special events or conventions have a better chance to appreciate than those that are mass distributed by the national headquarters.

Mr. Riba advises collectors to avoid the machine-age dilemma altogether by sticking with pre-20th-century goods. "New collectors should buy the best-quality items that they can find," he says. "And it's the early material that is rare and most valuable."

Impatient collectors, however, may not have to wait too long to increase, trade or sell their holdings. An election year seems to bring more enthusiasts into the mainstream than in non-election years.



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EUROBONDS

Rocketing Pound Ignites Currency Pyrotechnics

By CARL GEWIRTZ
International Herald Tribune

PARIS — Small fireworks on the foreign exchange market last week added some zest to an otherwise becalmed Eurobond market. The excitement began when the pound, which is not part of the European Monetary System's fixed exchange rate mechanism, burst through the long-sustained ceiling of 3 Deutsche marks to hit a high of 3.08 DM. This triggered a reaction within the EMS that looked like the start of a crisis for the French franc.

Foreign exchange dealers said the reaction probably started when speculators who had been betting on a surge in the British currency started selling to lock in profits.

"Much of the funds coming into the pound over the past year have been directly or indirectly from the Deutsche mark," says Brendan Brown, an economist at County NatWest Investment Bank. "Thus, a counterpart to reduced international demand for the pound, at its higher levels, and widespread profit-taking will be increased demand for the mark."

Greater demand for the mark, which is the key EMS currency, automatically puts the French franc under pressure against its German counterpart. This slide occurred late in the week and within a blink the mark, which had been trading comfortably within the fixed range of 3.36 francs, shot up to Friday morning's high of 3.409 — uncomfortably close to the EMS ceiling of 3.436. By Friday's close, the rate was straddling 3.40.

But the speed with which the mark climbed against the franc and the Bank of France's unwillingness to step in to slow it unsettled the market. Immediately talk started about the inevitability of a franc devaluation — certainly once the French presidential election is completed May 8, if not before.

"This view is largely based on the substantial deterioration in France's trade balance last year. But many analysts, local and foreign, agree with the often-expressed view of French Finance Ministry officials that the trade problems are linked to a 'product mix' of French industry and would not be solved by a devaluation. Opponents of devaluation note that French labor costs currently are rising less quickly than in West Germany and that the inflation gap between the two countries has narrowed sharply."

ANALYSTS who see no likelihood of a devaluation attributed the sudden, sharp deterioration of the franc to a new Bank of France strategy that was unveiled last November. This is to immediately let the franc sink once the rate comes under pressure.

This strategy, analysts say, has two goals. One is to limit the loss of reserves used to defend the currency. Instead of single-handedly trying to stabilize the rate, the new policy is to let the rate fall to a level where France and West Germany are obliged to intervene, forcing the Bundesbank to share the cost.

The second object is to quickly get the franc to a rate low enough to dampen speculators' expectations of windfall gains, thereby reducing the temptation to speculate.

Past experience has shown that after a devaluation the franc soars and the mark weakens, setting the two currencies at the maximum EMS spread of 5 percent apart from each other. That means a mark is worth fewer francs immediately after a devaluation than it was before the change.

Although last week's defense strategy was not accompanied by an increase in the Bank of France's intervention rate, another tool aimed at dampening speculation by making it more expensive, money market rates were driven up. One-month Eurofranc rates Friday rose a sharp 1/2 percentage point to 8 1/4 percent.

French analysts who see no danger of a franc devaluation do fear that turbulence within the EMS could upset the calm that was established in the foreign exchange market earlier this year and trigger a new attack on the dollar.

By week's end, the dollar was trading at 1.6585 DM, a low not seen since early January, despite some favorable economic figures. Washington reported Friday that wholesale prices last month fell 0.2 percent, after jumping 0.4 percent in January, while retail sales, up 0.6 percent, were less torrid than had been feared.

Although reassuring, the figures conflict with the image left by the previous week's report of a very rapid increase in employment, which created worries that the U.S. economy may be expanding too fast to allow a continued narrowing in the trade deficit or a sustained low rate of inflation.

Concern about price developments was heightened last week by the rise in raw materials prices. Oil, which recently had been trading in a range of \$13-\$14 a barrel on the European spot market, ended the week at \$15.

The big test for the dollar will come this Thursday, when the See EUROBONDS, Page 15

The speed with which the mark climbed against the franc unsettled the market.

OPEC Cut Now Held Unlikely

Plan on Output Meets Opposition

By Youssef M. Ibrahim
New York Times Service

TUNIS — OPEC members seem to have abandoned a proposal to cut output by about 5 percent because of fears that sacrifices would be negated by other oil producers.

Some members insisted that OPEC should first secure a commitment from producers outside the Organization of Petroleum Exporting Countries that they would also reduce production.

Oil producers that are not members of OPEC met in London last week to discuss the slide in prices. Egypt's oil minister, Abdel-Hadi Mohammed Kandil, who arranged the meeting, said the countries were interested in working with OPEC to cut output and bolster prices. But the group took no action.

OPEC officials said oil ministers have been discussing whether OPEC's pricing committee should meet to consider the sharp decline in oil prices in the last few weeks, a fall that leveled off last week.

The drop brought the average OPEC price down to between \$13 and \$14 a barrel from the cartel's official level of \$18 a barrel.

But late last week, the price of North Sea Brent crude rose nearly \$1 in two days to finish Friday at \$15.10 a barrel for April delivery.

Prices were bolstered during the week by reports of the OPEC discussion and by the meeting of non-OPEC producers.

OPEC officials suggested that many differences of opinion existed within the organization.

Algeria has argued that a cut must be carried out by those members that exceeded their quota late last year and earlier this year, most notably the United Arab Emirates and other producers in the Gulf region, the OPEC officials said.

Saudi Arabia has taken the view that it has not exceeded its quota and has indicated it will make no further cuts to compensate for the overproduction of others.

Saudi officials argue that, before any new measures are adopted by OPEC, existing accords must be respected.

Coke Pours Effort Into Overseas Markets

By Richard W. Stevenson
New York Times Service

ATLANTA — Coca-Cola Co., maker of that most American of products, earned more money from soft drinks in Japan last year than it did at home — despite a record year in the United States.

That Japan produced about \$350 million in operating income for Coke, compared with \$324 million from the United States, is partly a result of the stronger yen boosting earnings when translated into dollars. But it is also a startling symbol of Coke's increasing concentration on fast-growing international markets.

Already the leader in soft drinks around the globe — it outsells PepsiCo Inc.'s Pepsi-Cola products 3.6 to 1 outside of North America — Coke is now investing even more money and management attention on its still-developing markets, such as Europe, and largely untapped regions, such as Asia.

Indeed, Coke is betting that foreign markets are the best investment at a time when a sweeping two-year restructuring has left it with strong cash flows, \$1.5 billion in ready cash and a like amount in borrowing capacity.

The restructuring involved spinning off Coke's entertainment business, the estate-published trading company called Columbia Pictures Entertainment Inc. The company also spun off its bottling holdings into a company called Coca-Cola Enterprises. In both cases, Coke retained a 49 percent share.

In the offices of the domestic soft-drink operations at Coke's headquarters complex in Atlanta, the talk, as always, is of market shares and cola wars, of Coke versus Pepsi. But in the suite that houses the company's top three corporate officers, a different statistical litany is recited.

Robert C. Goizeta, the Cuban-born chairman and chief executive; Donald R. Keough, the Iowa native who is president, and Clans M. Halle, a German who is president of the international division, tick off country-by-country per capita consumption figures as easily as they pop the top of their soft drink cans in the United States. 274 eight-ounce servings of Coca-Cola products for every man, woman and child last year; Australia, 177; Germany, 155; Japan, 89; Great Britain, 63 and Thailand, 26.

Coke executives become al-

most giddy thinking about what it would be like if Thais drank as much soda as Texans. Mr. Keough lights up when he talks of Indonesia, where a population of 180 million in a hot, humid climate drinks only 3.2 servings of Coke products per person each



A Coke bottle for the Chinese market, still relatively small.

year. Then there is China, with annual consumption of just 0.2 servings for each of its 1.1 billion people.

"If we could get per capita in China up to what we have in Australia," Mr. Keough said, "we would have another whole Coca-Cola Co. there."

That may be a pipe dream given the low incomes and lack of distribution systems in developing countries. But analysts agree that the potential for consistent international growth is high.

Unlike the United States, Coke's problems in most countries have little to do with Pepsi. Coke's biggest tasks are to make its products available and to convince consumers that they should drink soft drinks instead of other beverages, or at times when they normally drink nothing at all.

The problems — and strategies — vary greatly from region to region. In Germany, Coke needs to streamline a chaotic bottling structure. In Indonesia, its plan to increase its retail outlets to 300,000 from 90,000 includes a provision for buying 20,000 rudimentary pushcarts. In China it must also cope with the govern-

ment's foreign-currency controls. In Italy and France, Coke needs to convince consumers to drink soda with meals.

"Sometimes the competition is Pepsi," said Mr. Goizeta, an intense former engineer who has headed the company since 1981.

AT A GLANCE

Three months ended	1987	1986
Dec. 31		
Revenues	1,990	1,720
Net Income	192.0	314.5
Earnings per share	0.52	0.82
Year ended		
Dec. 31		
Revenues	7,660	6,780
Net Income	916.1	934.3
Earnings per share	2.43	2.42

Coca-Cola's brands are growing at 6% a year versus 4.5% for the domestic industry as a whole. Total market share was over 40% in 1987 with Pepsi-Cola more than 10 points behind, according to Beverage Digest.

Sales of its brands are growing at 6 percent a year versus 4.5 percent for the industry as a whole. Despite continuing problems with new Coke, its total market share for all its brands topped 40 percent last year for the first time, according to Beverage Digest, an industry publication. That kept Pepsi, whose share also grew, more than 10 points behind.

per capita consumption, country-by-country, of eight-ounce servings.	
UNITED STATES	274
AUSTRALIA	177
GERMANY	155
JAPAN	89
BRITAIN	63
THAILAND	26
CHINA	0.2

Coke executives become almost giddy thinking what it would be like if Thais drank as much soda as Texans.

The company insists that new Coke remains its flagship brand in the United States — it was never introduced abroad — even though it is barely among the top 10 soft drink brands and its share is slipping steadily. Conceived as a sweeter, smoother drink to win the younger drinkers who were turning to Pepsi, new Coke is likely to survive as what Coke executives call their "attack" brand. By that they mean they can use it to battle Pepsi without sully the reputation of Coke Classic by comparing it directly to what in Atlanta is usually referred to only as "our nearest competitor."

Diet Coke, introduced in 1982, See COKE, Page 17

In South African Mines, A Residue of Distrust

More Turmoil Seen in Gold Industry, Reflecting the Country's Race Crisis

By John F. Burns
New York Times Service

JOHANNESBURG — Along the undulating highway that leads southwest from this city, a traveler passes through countryside made lush by summer rains. It is a place of farms and fruit stalls, but on the hillsides back from the road stand the sentinels of a harsher world, the towers of concrete and steel atop South Africa's richest gold field.

It was here in mines that underpin the economy of this racially divided nation that the National Union of Mineworkers, a black union formed in 1982, mounted a 21-day strike last August. Although the walkout was resolved relatively quickly, it was the most costly strike sustained by the economy and left a residue of distrust. It also left uncertainty about the future of South Africa's mainstay industry and the country's largest company, Anglo American Corp.

The stoppage ended with six strikers dead and hundreds injured and it cost hundreds of millions of dollars in lost production and physical damage. It also raised questions about the ability of Anglo American and other major mining companies to handle increasing militancy among black workers, who constitute more than 85 percent of the total work force.

Six months after the 1987 walkout, some mines are still struggling to regain the production levels of before the strike.

Although share values have at least partly recovered from the dismal levels of the strike, the continuing ill feeling suggests to many that the industry may be heading into years of strife that will further destabilize the economy. The strike seems to have hardened attitudes all around, within the government, the mining companies and not least among the miners.

The union's leader, Cyril Ramaphosa, has said the stoppage was only a "dress rehearsal" for future strikes, the first of which could come later this year when the one-year contract that emerged from the 1987 strike expires.

Mr. Ramaphosa, who is closely associated with the outlawed African National Congress, the leader of the political resistance among blacks, has vowed that there will be no end to confrontation on the mines until whites abandon apartheid.

For its part, the government has reacted by proposing changes in the labor laws that would make legal strikes more difficult to call and impose crippling financial pen-

alties on those calling illegal stoppages. A broader crackdown last month banned all political activity by the Congress of South African Trade Unions, the organization that has coordinated the growing challenge that blacks have been posing through strikes.

The miners' union, the congress's most important affiliate, has not been banned. But at the Chamber of Mines, the industry group that represents the major mining companies in negotiations, the strike has stiffened doubts that many companies had long harbored about the consequences of allowing black unions.

Perhaps most significant, the walkout has fostered a new toughness at Anglo American, employer of 40 percent of the 650,000 black mine workers in South Africa.

At Anglo, as it is known, executives have for years fostered an image of corporate harmony, one suited to the genteel traditions of the Oppenheimer family that guided the corporation from its beginnings in 1917 to its stature today as the colossus of the South African economy. It has more than 600 corporate subsidiaries, 800,000 employees and reported profits last year of more than \$600 million. But the quiet confidence at the company's Johannesburg headquarters was badly shaken by the internal strife that the stoppage set off.

Among the corporation's top executives there is a powerful group associated with Gavin F. Reilly, the company's chairman, that has little trouble with the idea that the corporation will have to be more rigorous in protecting its interests. But this group has had to contend with other executives who are loath to compromise on the record built under Harry F. Oppenheimer, the former chairman, as one of the most progressive employers in South Africa on issues of pay and rights for blacks.

The division at Anglo is symptomatic of the wider crisis facing white moderates. The struggle over the country's future has come down to a test of strength between the intractable, conservative black militants resolved to use every means, including labor power, to advance black rule. In the process, the middle ground held by people like Mr. Oppenheimer has been shrinking.

In the case of the gold mining industry, the implications for the country are ominous. Throughout the 1980s the industry has been producing about 670 tons of gold a

See GOLD, Page 16

Currency Rates

Cross Rates	March 11	March 11
American dollar	1.6585	1.6585
British pound	1.6585	1.6585
French franc	1.6585	1.6585
German mark	1.6585	1.6585
Japanese yen	1.6585	1.6585
Swiss franc	1.6585	1.6585
Other Dollar Values		
Canada	1.6585	1.6585
Denmark	1.6585	1.6585
Italy	1.6585	1.6585
Netherlands	1.6585	1.6585
Spain	1.6585	1.6585
Sweden	1.6585	1.6585
West Germany	1.6585	1.6585
Yugoslavia	1.6585	1.6585

Forward Rates	30-day	60-day	90-day	180-day	360-day
London	1.6585	1.6585	1.6585	1.6585	1.6585
Paris	1.6585	1.6585	1.6585	1.6585	1.6585
Frankfurt	1.6585	1.6585	1.6585	1.6585	1.6585
Geneva	1.6585	1.6585	1.6585	1.6585	1.6585
Zurich	1.6585	1.6585	1.6585	1.6585	1.6585

Sources: Deutsche Bank (Frankfurt); Banca Commerciale Italiana (Milan); Banca Nazionale del Lavoro (Rome); Bank of Tokyo (Tokyo); IMF (SDR); BAH (Bahrain); Citicorp (New York). Other data from Reuters and AP.

Last Week's Markets

All figures are as of close of trading Friday

Stock Indices	Mar. 11	Mar. 4	Change
DJ Index	2824.98	2857.26	-1.11%
DJ Ind. Av.	177.34	182.37	-2.74%
DJ Trans.	807.12	849.79	-6.31%
S & P 100	291.25	294.87	-1.25%
S & P 500	264.24	272.31	-2.95%
S & P Ind.	302.39	308.98	-5.31%
NVSE Co.	149.45	150.43	-0.65%

Money Rates	Mar. 11	Mar. 4	Change
Discount rate	9 1/2%	9 1/2%	0
Federal funds rate	8 1/2%	8 1/2%	0
Prime rate	9 1/2%	9 1/2%	0
3-month interbank	9 1/2%	9 1/2%	0
6-month interbank	9 1/2%	9 1/2%	0
9-month interbank	9 1/2%	9 1/2%	0
1-year interbank	9 1/2%	9 1/2%	0
3-month Treasury	9 1/2%	9 1/2%	0
6-month Treasury	9 1/2%	9 1/2%	0
9-month Treasury	9 1/2%	9 1/2%	0
1-year Treasury	9 1/2%	9 1/2%	0

This announcement appears as a matter of record only. MARCH 1988

U.S. \$1,000,000,000

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Berliner Handels- und Frankfurter Bank Banque Nationale de Paris

Bayerische Landesbank Girozentrale Bayerische Vereinsbank AG

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Generale Bank The Toronto-Dominion Bank Union Bank of Switzerland

Facility Agent

Credit Suisse First Boston Limited

New International Bond Issues

Compiled by Laurence Deslattes

Table with columns: Issuer, Amount (millions), Mat., Coup. %, Price, Price end week, Terms. Includes sections for Floating Rate Notes, Fixed-Coupon, and Equity-Linked.

EUROBONDS: Currency Fireworks Shake Market

(Continued from first finance page) U.S. trade figures for January will be reported. Most experts guess the deficit will widen to around \$14 billion...

Pirelli Seeks \$2.3 Billion to Fund Firestone Bid

By Carl Gewirtz International Herald Tribune PARIS — Pirelli SpA tapped the international credit market last week for \$2.3 billion to finance its proposed takeover of Firestone Tire & Rubber Co.

Economic Figures Bolster Treasury Bonds

By H.J. Maidenberg New York Times Service NEW YORK — U.S. bond prices rose as much as 3/8 of a percentage point Friday after a lethargic week, buoyed by indications of modest economic growth and a lower inflation rate.

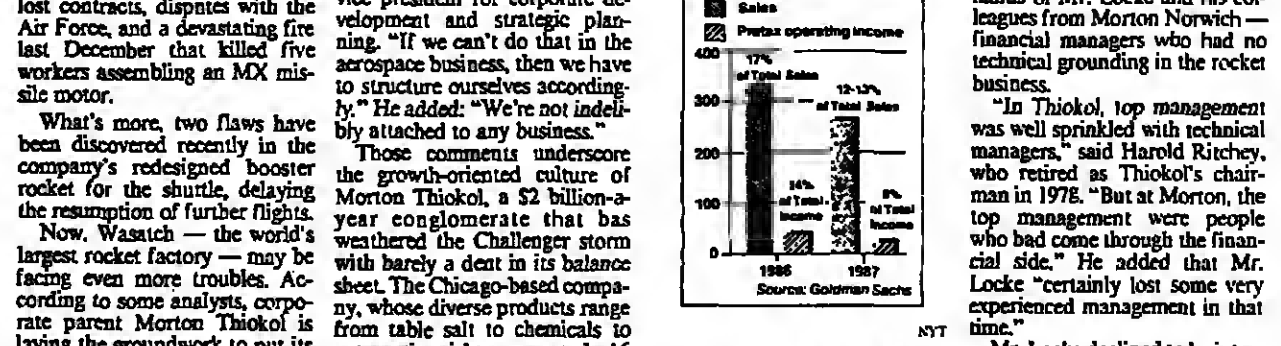
Acquisitions Helped Suchard Profit Climb 38% Last Year

ZURICH — Jacobs Suchard AG, the Swiss coffee and chocolate company, has reported a 38.8 percent rise in 1987 net profit to a record 265 million Swiss francs (\$193 million), helped by two acquisitions of U.S. and Belgian confectioners.

Aerospace is Heavy Cargo for Morton Thiokol

Analysts Say Conglomerate Plans to Jettison Trouble-Plagued Division

By Michael Isikoff Washington Post Service PROMONTORY, Utah — Before one of its solid rocket boosters blew up on national television in 1986 and crippled the U.S. space shuttle program, Morton Thiokol Inc.'s best-known product was Morton table salt.



What Shuttle Means to Morton Thiokol Goldman Sachs's estimates of shuttle-related contributions from various divisions for fiscal years ending June 30, in millions of dollars.

Hong Kong Exchange Names a Canadian CEO

WINNIPEG, Manitoba — Douglas Ford has resigned as president of the Winnipeg Commodity exchange to become vice chairman and chief executive officer of the Hong Kong Futures Exchange.

Indigo Takeoff

Short signed analysts who were bearish on equity stocks in the bottom are now bullish with the fact that there is a global shortage of DRAMs with the new technology of 1 Mb and 2 Mb.

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Net Asset Value on March 7, 1988. Pacific Selection Fund N.V. U.S.\$0.34 per U.S.\$1 unit. Pacific Selection Fund N.V.

B.S.L. BUSINESS SCHOOL LAUSANNE SATURDAY M. B. A. Earn on MBA by taking our Saturdays only program.

Indigo Takeoff Short signed analysts who were bearish on equity stocks in the bottom are now bullish with the fact that there is a global shortage of DRAMs with the new technology of 1 Mb and 2 Mb.

KfW Kreditanstalt für Wiederaufbau 6 1/2% Bearer Bonds of 1988 (1998) DM 750,000,000.— The net proceeds of this issue will be used for long-term investment loans.

Chinese Mines Fall Short of Targets

BEIJING — China's gold mining industry, which is believed to be the world's fourth largest, is failing to meet output targets this year, according to official press reports.

Smugglers, robbers, shortages of electricity, poor transportation and hoarding were cited by the China Daily. The state-owned China Gold Co. was quoted on Saturday as saying that mines had met less than 60 percent of the output target for the first two months of 1988.

State officials said output figures were secret, but industry sources estimate China's production at around 50 to 65 metric tons a year, ranking after South Africa, the Soviet Union and Australia.

Gold mined by licensed individuals, who are bound by law to sell to the state, accounts for about 5 percent of national output. But because China pays only 994.1 yuan (\$269) per ounce — the world price is around \$440 — miners smuggle gold out of the country.

GOLD: In South Africa's Mines, a Residue of Distrust and Prospects for Further Labor Conflict

(Continued from first finance page)

year, 55 percent of the noncommunist world's production.

At a price of \$440 an ounce this is worth more than \$10.5 billion a year, nearly half of South Africa's total exports. About 50 percent of these revenues end up in the Treasury, which has led some black militants to charge that apartheid is a system built on gold.

In 1979, the government, seeking a less repressive image after the 1976 riots in Soweto, a black satellite city outside Johannesburg, accepted the recommendations of a commission that urged the extension to black unions of labor rights traditionally enjoyed by whites.

When Mr. Ramaphosa began organizing the National Union of Miners in 1982 it was natural that his efforts should focus on Anglo American. Mr. Oppenheimer, now nearly 80 and retired, had argued insistently during the 1970s for the right of black unions to be established under law. It was a stand that at the time was far from universally popular in industry.

Mr. Oppenheimer did not pretend that his purposes were solely altruistic: A failure to transfer "the benefits of a free enterprise society" to blacks, he argued, would push them toward radical political solutions. Mr. Oppenheimer has backed his convictions with hundreds of millions of dollars in support for improvements in black housing, education and medical care, as well as the moderate white political grouping, the Progressive Federal Party.

Perhaps the most significant contribution the company made was to encourage, or at least not to seriously hinder, the union's recruiting efforts in Anglo American



Black workers constitute more than 85 percent of the work force at South Africa's gold mines.

mine, said he believes that the mining companies have no alternative but to continue to accept unionization. But he said he was also convinced that this would make the mines a hostage to the country's political tensions.

"Put yourself in the shoes of the ANC leadership," Mr. Bayley said.

"You're not going to fight an open war. The obvious answer is to go for the heart of the country's economy, and where better to focus than the gold mines?"

When the strike began, senior executives in Johannesburg were confident that the union could not sustain it for more than 72 hours. It was a bad mistake, since it quickly became obvious that a stoppage that lasted longer than a few days was going to damage deep-level workings.

Within a week, Mr. Bayley and his colleagues at other mines were reporting to Johannesburg that prompt action to end the walkout had to be taken if the mines were not to be damaged beyond repair. It was then that the company decided to issue a 48-hour ultimatum to workers involved in deep-level operations to resume their shifts or be dismissed.

After a false start at Western Deep Levels, where 3,000 men went underground and promptly began a sit-in, the ultimatum was extended. Ultimately 45,000 men were fired by Anglo, nearly one of every four working in the company's gold mines.

According to the company's quarterly report, production losses caused by the strike ran to more than \$50 million.

Among the miners, the consequences are of another kind. Sullen silences are common when visitors descend into the mine and inquire about the strike.

A miner eating lunch in a cafeteria, wearing a union sweatshirt showing a miner raising a clenched fist, said that white supervisors had victimized workers who joined the strike.

At Anglo headquarters, executives say they are resolved never to allow strike action to damage the company as badly again. In the

FIDELITY SPECIAL GROWTH FUND

Société d'Investissement à Capital Variable
13, Boulevard de la Foire
L.C. Luxembourg B 20095

Notice of Annual General Meeting

NOTICE is hereby given that the Annual General Meeting of the shareholders of FIDELITY SPECIAL GROWTH FUND, a société d'investissement à capital variable organized under the laws of the Grand Duchy of Luxembourg (the "Fund"), will be held at the principal and registered office of the Fund, 13, Boulevard de la Foire, Luxembourg, at 11 a.m. on March 31, 1988, specifically, but without limitation, for the following purposes:

1. Presentation of the Report of the Board of Directors;
2. Presentation of the Report of the Statutory Auditor;
3. Approval of the balance sheet and income statement for the fiscal year ended November 30, 1987;
4. Discharge of the Board of Directors and the Statutory Auditor;
5. Ratification of the co-optation of Compagnie Fiduciaire as a Director of the Fund in replacement of Fininvest S.A.
6. Election of eight (8) Directors, specifically the re-election of the following eight (8) present Directors: Messrs. Edward C. Johnson Sr., William L. Byrnes, Charles A. Fraser, Hisashi Kurokawa, John M. S. Patton, Harry C. A. Seggerman, H. F. van den Hoven and Compagnie Fiduciaire;
7. Election of the Statutory Auditor, specifically the election of Coopers & Lybrand, Luxembourg;
8. Authorization of the board of directors to declare dividends in respect of fiscal year 1987 if necessary to enable the fund to qualify for "distributor" status under United Kingdom tax law.
9. Proposal, recommended by the Board, to amend the provisions of Articles 8 and 9 of the Fund's Articles of Incorporation which presently provide that any owner of more than 5% of the number of shares of the Fund is authorized to issue any number of shares required by the Fund to redeem that excess amount. The Board recommends that the provisions be amended to permit the Fund to require any beneficial owner of more than 5% of the outstanding shares to redeem the excess.
10. Consideration of such other business as may properly come before the meeting.

With the exception of item 9, approval of the above items of the agenda will require the affirmative vote of a majority of the shares present or represented at the meeting with no minimum number of shares present or represented in order for a quorum to be present. Approval of item 9 will require a quorum of at least a majority of the shares outstanding on the meeting date and the affirmative vote of two-thirds of the shares present or represented at the meeting. If a quorum is not present, item 9 may be voted on at an adjourned session of the meeting, at which no minimum number of shares will be required to be present or represented in order for a quorum to be present. Subject to the limitations imposed by law and the Articles of Incorporation of the Fund, each share is entitled to one vote. A shareholder may act at any meeting by proxy.

Dated: February 15, 1988

BY ORDER OF THE BOARD OF DIRECTORS

Squeeze on Pretoria Could Threaten Debt Repayments

JOHANNESBURG — Buffeted by sanctions and the falling price of gold, South Africa faces a financial squeeze that could threaten its ability to keep up heavy repayments of foreign debt.

In the past three years, Pretoria has used the surplus on its current account to repay about \$5 billion in foreign debt. But in January the current account, a broad measure of trade in goods and services, swung into a deficit of \$50 million, according to customs figures released last week.

The unexpected deficit, the first since 1984, sent an early warning signal to international creditor banks.

Trade has been hit by a drop of more than 40 percent in South Africa's exports to the United States in the first nine months of 1987, under the impact of anti-apartheid sanctions.

U.S. Commerce Department figures show that South African exports to the United States, once the nation's biggest trading partner, plummeted to \$1.01 billion from \$1.82 billion during the nine months, while imports from the United States edged up to \$910 million from \$863 million.

"I wouldn't say that there's a need to panic about debt payments," said Mike Brown, an

economist at stockbrokers Davis, Borkum, Hare Inc., "but there is certainly a need for caution."

The shrinking balance of payments poses a problem for Finance Minister Barend du Plessis, who presents the national budget to Parliament on Wednesday.

More austere economic policies run the risk of aborting a tentative revival in the economy and alienating white voters.

South Africa has been forced to curb domestic growth in favor of a current account surplus since 1985. In September of that year international banks, alarmed by insurrection in black townships, refused to allow delays in payments on loans.

This prompted Pretoria to impose exchange controls and declare a moratorium on the repayment of \$14 billion of short-term foreign loans.

In March 1986, South Africa agreed with its major commercial bank creditors to repay 5 percent of the short-term debt by the end of June 1987.

In March last year, South Africa and the banks, which hold 80 percent of the short-term debt, agreed to extend for three years specific limits on repayments of the debt.

Under present conditions, Standard Bank

Ltd. said in an economic review, "A current account deficit cannot be allowed to emerge."

Mr. Brown said, "The January figures are not the end of the world, but they do emphasize how quickly the current account can move from a surplus to a deficit."

In January, when the current account moved into deficit, the price of gold was hovering around \$480 an ounce. It has since fallen to around \$440.

South Africa produces about 20 million ounces of gold annually, so every \$10 fall in the bullion price wipes about \$200 million off the balance of payments.

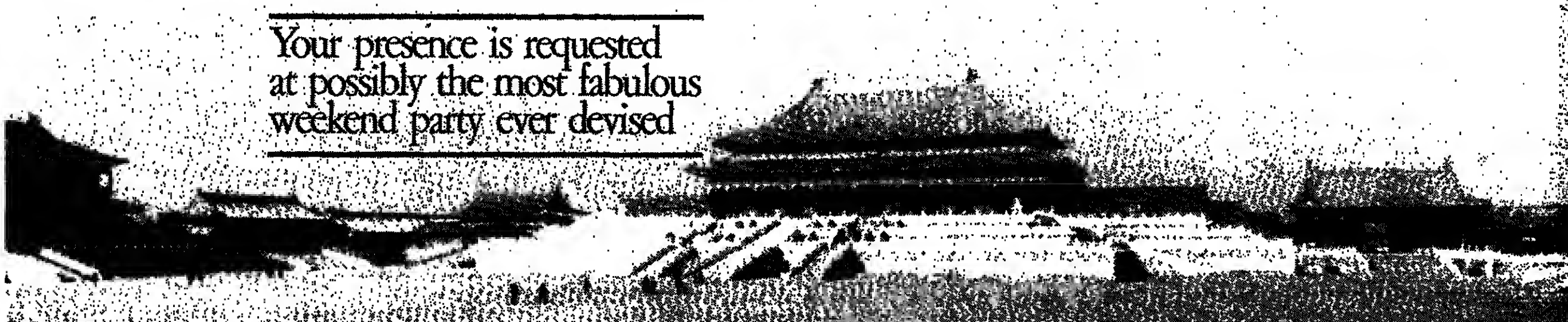
Chris Steils, director-general of finance and head of Pretoria's foreign debt negotiating team, said it was not unexpected that the surplus on current account should shrink this year.

But, he added, "Our debt repayment commitments are also much smaller this year."

"I've had absolutely no indication from the creditor banks that they are worried about the situation," he said.

South Africa has reduced its foreign debt to an estimated \$21 billion but will have to run surpluses until mid-1990 to meet its repayment commitments.

Repayments totaling about \$1 billion fall due this year.



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■ A Venetian masked ball and fireworks display in the pavilions of the Lake of Long Tan Hu with the orchestra "I SOLISTI VENETI".

■ 4 JUNE. An *al fresco* champagne reception at the Great Wall organized by Maxim's of Paris. Names of participants will be engraved on plinths at the base of the Wall, after a picnic luncheon sponsored by Petrossian.

■ A brilliant reception at the Great Hall of the People, featuring performances by world-renowned artists:

Paolo Conte, Mireille Mathieu,

As the high point of a ten-day journey to historical China, three days of festivities to benefit the restoration and preservation of two of mankind's greatest achievements: the City of Venice and the Great Wall of China. Proceeds to be distributed under the control of UNESCO.

Teresa Berganza, Montserrat Caballé, Mady Mesplé, Maia Plisserskaia, Manuel Legris and Sylvie Guillemet accompanied by the Beijing National Orchestra, followed by an all-night surprise cabaret party organized by Maxim's.

■ 5 JUNE. A banquet in the Forbidden City, together with an art auction — under the direction of Sotheby's — of specially designed works by such famous artists as:

Arman, Buren, Jenkins, Sol Lewitt, Cesar, Stark, Etro, Keith Haring, J.P. Raynaud, Zao Wou Ki, Walter Dahn, Vasarely.

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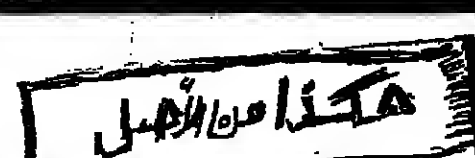
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TOYOTA: On the Assembly Line, Kentuckians Struggle to Learn Japanese Ways

(Continued from Page 1)

...being trained so far — "group leaders" and "leaders" in Toyota speak — both sides say they are pleased with the results.

They are more dexterous than I expected, and easier to teach," said Nobuyuki Matsuoaka, Mr. Every's trainer, as he watched his protégé at work. On a table next to the assembly line lay a mimeographed sheet of Japanese phrases with English translations, beginning with "My name is..." and chiming with "Let's do our best!"

"If these trainees implement the Toyota production system step by step," Mr. Matsuoaka added, "I believe it can be successfully exported to Kentucky."

By 1991, Toyota has said, 75 percent of the value of each of the 300,000 Camrys rolling off the line each year will be produced in the United States. Officials say that top executives, who at first will be mostly Japanese, will gradually be replaced by Americans.

Toyota, of course, is not the first car company to take this road. Honda Motor Co. opened an Ohio plant in 1982 and already exports cars from there to Japan, Nissan Motor Co. operates a plant in Tennessee and Toyota itself builds cars in California in a joint venture with General Motors Corp.

But Toyota — known for "tapping even a stone bridge before crossing" in the Japanese expression — hesitated long before building its own plant and then planned its training program with characteristic thoroughness.

Ten years ago, I was not confident that Toyota could be successful in the United States, where many top-class producers existed," said Kaneyoshi Kusumoki, a direc-

tor of Toyota and president of the Kentucky venture. "The importance of the Japanese economy in the world has shifted over the past ten years."

And, Mr. Kusumoki added in a recent interview, "I really have great faith in the people in Kentucky."

The feeling appears to be mutual. More than 53,000 people have

applied for 2,000 jobs. One third of those hired so far have college degrees.

One such employee is Dennis Raymer, who gave up a secure office job with the Social Security Administration to work in Toyota's paint shop. "If it had been Ford or Chrysler, I wouldn't have made the switch," he said, citing job security as the main difference.

Mr. Every, who has three school-age children and left a job in an American air compressor plant to work for Toyota, said, "I look some razzing at my old factory," where he was told, "Oh, they'll work you to death." But, he said, "I took a cut in pay, because I believe in the group concept."

On a recent Friday morning, the day began with 6 A.M. breakfast for Wali Klein, 28, and about 50 other American workers in the third week of their Japanese tour.

Mr. Klein, broad and bearded, is a big man, even by Kentucky stan-

dards. Big enough to give his trainer, the compact Tomohiko Ushijima, pause.

"When I saw him, I thought he was very, very big," said Mr. Ushijima, 44, and a Toyota employee for 18 years. "I was worried whether he could work in such a small space. But, as you can see, he can move very quickly. I didn't have to worry."

These people simply do not stop from the moment they walk in to the moment they walk out," said Elizabeth Fair, an engineer who left a military-related consulting company to work for Toyota. "The work ethic is so incredibly strong. I only hope we can live up to their standards."

In the eyes of some workers, there is a price to be paid for such discipline. Ronald Dore, the British sociologist, once wrote that "Joining Toyota as a regular worker is indeed rather more like joining the army in America than like going to work for General Motors."

"You can expect to get 'posted' from one plant to another and even have to uproot the family as a consequence," Mr. Dore wrote. "You can expect to have your leave canceled in an emergency."

But, if workers object to such treatment, they cannot expect much help from the company union, which sees its role mostly as a partner of the corporation dedicated to increasing productivity for the good of all.

So far, the American workers seem willing to accept that philosophy. Asked whether the Kentucky workers would form a union, Mr. Every said he hoped not.

"I don't think we'll need it," he said. "I don't know why we would."

"Nothing they can do for you that Toyota isn't going to do," agreed his friend, David Downs.

But Mr. Kusumoki, the Toyota

executive in charge of the U.S. plant, said he has no illusions about the difficulty of transplanting the spirit of "mutual trust" into American workers.

"We are successful in the first step," he said. "I can say that they all have the basic understanding of the spirit, and they all basically agree to the spirit."

"But once they start working at the plant, they may face some problems and they may raise some questions about the spirit," he added.

However, Toyota is betting that the U.S. workers it trains will stay long enough to make the program worth its while.

The Americans in Toyota City said they have made a long-term commitment, too.

"There was a time in America when you could say 'above this job' and go find another one," Mr. Every said. "You can't do that anymore. This is my last job."

COKE: Pouring More Effort Into Overseas Markets

(Continued from first finance page)

ment, to take more control of weak operations and to keep bottling operations in qualified hands.

The trend came to a head in 1986, when Coke acquired two of its largest bottlers outright, forming the nucleus of what later was turned into Coca-Cola Enterprises.

Coca-Cola is applying much the same strategy to its international operations, investing in bottling operations and spending heavily on plants and distribution systems.

Britain, for example, had long been a puzzle to Coke. Its per capita consumption was far lower than might have been expected for an English-speaking country with close cultural ties to the United States. Several years ago it decided to investigate, buying one of the two Coke bottlers in the United Kingdom from Grand Metropolitan PLC and sending Harry E. Teasley Jr., who had previously headed the company's divested wine business, to run it.

Mr. Teasley quickly determined

that the British market would be better served by a single, more aggressive bottling operation. So Coke forged a joint venture with Cadbury Schweppes PLC, the giant food and beverage company, to take over both Coke bottlers, Coca-Cola & Beverages Ltd., as the venture is known, improved relationships with retailers, added thousands of new fountain accounts and increased sales of Coke products by 31 percent last year.

In Germany, Coke is still hampered by having far too many bottlers. After World War II, many entrepreneurs wanted Coke bottling franchises, but most had extremely limited capital. So Coke helped establish more than 120 smaller outfits, each with a license free to pursue its own marketing, distribution and pricing policies. That created a nightmarish inefficiency.

In the last several years Coke has whittled the number of bottlers down to 65 through mergers.

NASDAQ National Market

OTC Consolidated trading for week ended Friday.

Table with columns: Sales, High, Low, Close, Open, Change. Lists various OTC stocks and their trading data.

Table with columns: Symbol, Price, Change. Lists various NYSE and NASDAQ stocks and their trading data.

American Exchange Options

Figures as of close of trading Friday, March 11

Table with columns: Option & price, Calls, Puts. Lists various American exchange options and their prices.

Chicago Exchange Options

Figures as of close of trading Friday, March 11

Table with columns: Option & price, Calls, Puts. Lists various Chicago exchange options and their prices.

ESORTS & GUIDES

Table listing various escort services and guides, including International, Regency, Parliament, London, Kensington, Treasure, Geneva, and Caprice-Ny.

INTERNATIONAL CLASSIFIED

(Continued from Back Page)

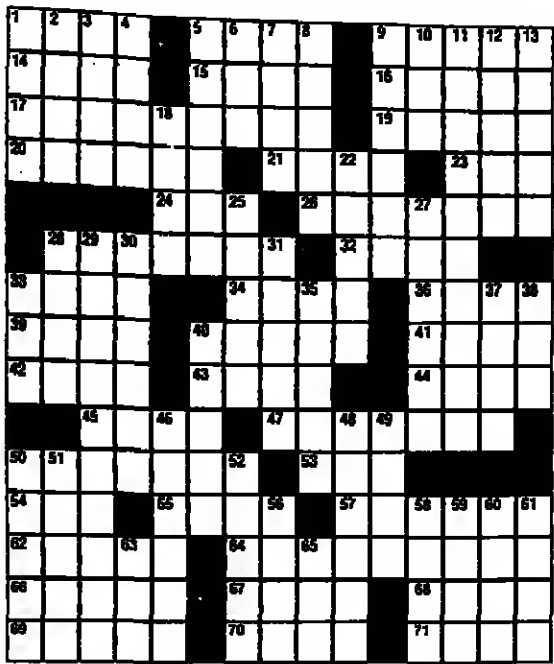
Table listing various international classified services, including Regency, Zurich Susan, London, Aristocats, Mayfair Club, and Caprice-Ny.

ESORTS & GUIDES

Table listing various escort services and guides, including Zurich 558720, Munich, London, Zurich, Geneva, and others.

Euromarts At a Glance

Table listing various Euromarts and their services, including Euromart, Euromart, and others.



ACROSS

1 Diner's faux pas
5 Pompous one
9 Helen's abductor
14 Minor
15 Verdi classic
16 Much too heavy
17 Dignitary's grand welcome
18 Oppose boldly
21 Truck of a sort
23 Haw's companion
24 What a cheerleader has
26 Concealed matters
28 China of Germany
32 Buck or hart
33 foyl or sonnet
34 Computer's diet
36 Agamemnon's war god
39 Actor Ray
40 Part of U.S.N.R.
41 Hangchow export
42 Bothersome individual
43 Kudos at the corrida
44 "— You," Platters hit

DOWN

1 Nasty remark
2 Unscrupulous person
3 Astronaut
4 S.A. rodent
5 Broke up
6 Actor Torn
7 Mid-month, to
8 Porcupines' kin
9 Shield carriers
10 Bedouin garment

45 Salamander
47 Orchestra section
50 Cup prices drastically
53 Matador's trophy
54 Thread-forming tool
55 Osiris's wife
57 Bone filler
62 Vail competitor
64 St. Basil's Cathedral site
66 Gaggle members
67 Shoe or family follower
68 Thrust
69 Miscue
70 Longbows-in-the-rough
71 Snake-like fish

51 Whodunit ingredient
12 Tiny land mass
13 Appears
18 African snakes
22 Hero's award
25 Part of a strike
27 Paine's "The Age of —"
28 A rival of Bush
29 Gulf Coast menu item
30 Shows rage or sorrow
31 Church parts
32 Fish relative
35 A sense
37 Edifice extensions
38 TV King of the 50's
40 Observes
46 Pulling person
48 Big name in old Egypt
49 Mesopotamian nation
50 Repertory showpiece
51 Theodore Malmian's invention
52 Soiled
56 Withered
58 Clever trick
59 The going
60 Exam type
61 Archduchess's traps
63 Inner; Prefix
65 Dawn's droplets

3/14/88

SPORTS BRIEFS

Cinderella U.S. Basketball Team Bows Out

NEW YORK (NYT) — Oregon-Davis, the Cinderella high school team from Indiana, reached the end of the trail Saturday afternoon by losing to Portage, 74-71, in the state's regional basketball tournament in Michigan City.

Oregon-Davis, of Hamlet (pop. 640), finished with a record of 23-2. With half of the boys in its senior class on the team, it had drawn widespread attention in its quest for the state championship. The school has an enrollment of 231, Portage, with 2,750 students, is one of Indiana's biggest high schools.

Oregon-Davis had moved into Saturday's rounds as one of 64 teams still in contention; the field was winnowed to 32 in the afternoon and to 16 Saturday night.

Sindelar Leader by 1 Stroke in Honda Golf

CORAL SPRINGS, Florida (AP) — Joey Sindelar birdied the 18th hole to take a one-stroke lead after Saturday's third round of the Honda Classic golf tournament.

Eight players had either led or shared the lead during the day before Sindelar rapped in the 8-foot (2.5-meter) putt on the final hole. His 4-under-par 68 on the windswept TPC course at Eagle Trace gave him a 54-hole total of 206 and a one-shot edge over Scotland's Ken Brown, who shot a 70.

The group at 208 included Ray Floyd (a 68), Sandy Lyle (70), Tommy Nakajima (71) and Ed Fiori (71). Tom Byrum and Jodie Mudd were at 209, three shots off the pace.

In addition to Sindelar and Brown, Nakajima, Fiori, Mudd, Lyle, Fred Wadsworth and Dan Forsman all had a piece of the lead at one time or another. But Forsman faded to a 77 and finished at 214 and Wadsworth, who on Friday had pitched in for an eagle-2 that moved him into a six-way tie for the lead after two rounds, struggled in at 80-217.

Solution to Friday's Puzzle

AINY IDES AIOBIA
TWOHONEST MILLOS
LOVINGYOU AMOTH
ENICE NGC OTE
BILGE HIGHPOSES
ALL SES TRREG
DEAN BRO MEARA
EVERGREEN
MORIT OUR TAWS
EARTH NBA COO
NATUREBOY RACKS
ETS ISH ZANE
PAIAN UNDEICLED
ISERE UNSELEES
DADE HEAT EOAIM

3/12/88

Quotable

• Kirk Gibson, recently acquired from Detroit by the Los Angeles Dodgers: "I'm more intense than most people. I don't expect everybody to be like me. It kills me to fail in a game-winning situation. I hate to lose." (AP)

• Pitcher Brian Fisher, on the difference between working for the Pittsburgh Pirates and the New York Yankees: "I had a lot more fun in Pittsburgh. The manager and coaches aren't worried about their jobs or getting fired, the front office people don't have a maniac running around firing you the minute you drop a pencil." (AP)

SPORTS

Ill, Angels' Mauch Takes Leave

By Mike Penner
Los Angeles Times Service

MESA, Arizona — Gene Mauch removed himself as manager of the California Angels late Friday and returned to his home in Palm Springs, California, where he will remain indefinitely to undergo physical testing and, as he put it, "to get after it."

For more than a year, Mauch said, he ignored the warning signs — sleepless nights, naps he sneaked in his office before road games, fatigue following plane flights, a persistent cough and general listlessness.

He tried to chalk it up to age, to the strain of his quarter-century as a big league manager. "I've had times in the past when I've gotten run-down," he said. "But I've always bounced back."

Replacing him for the moment as manager will be Cookie Rojas, the team's advance scout for the past eight seasons.

The Angels stopped short of describing Mauch's decision as a resignation. General Manager Mike Port, offering an admittedly optimistic view, called it a leave of absence. "We're looking at this as an interim situation," he said. "And we will handle it on that basis until we have reason to believe otherwise."

Said Rojas: "Gene Mauch is still the manager of this ballclub. That has not changed. And I hope there's no reason for it to change."

But the fact that Mauch left camp is hardly a good indicator. Mauch, 62, has spent 45 years in professional baseball, and those close to him describe him as a manager who arrives at the park at noon for a 7:30 P.M. game.

Mauch has managed 26 seasons in the major leagues, the longest of any active manager and fourth on the all-time list. He owns the most victories, 1,903 (and 2,037 losses),

of any active major league manager. He managed the Philadelphia Phillies, Montreal Expos and Minnesota Twins before joining the Angels.

He was scheduled for extensive testing Monday at Eisenhower Medical Center in Rancho Mirage, California. A heavy smoker, Mauch has been bothered by respiratory problems since the summer of 1986 but has consistently refused to undergo examination. Asked about his nagging cough during the 1986 winter meetings, he scoffed at suggestions that he see a doctor. "I'll never let the SOB's get close enough to look," he said.

But on Friday, he said: "Since some time in August a couple years ago, I haven't really felt worth a damn physically. I kept telling myself it would get better. A month ago, I got pretty sick and it made a bad situation a hell of a lot worse. I don't really know what has to be done, and I don't know what it's going to take, but I'm heading back to the desert and get after it."

Mauch was referring to a case of flu he contracted in early February, but by late in the month he was well enough to report to camp. Still, said Rojas, "he still seemed kind of worn out. He was feeling weak, he wasn't walking right."

Said Mauch: "I became convinced that I couldn't start feeling better and work as hard as I could at managing. Maybe when you're 62 this is how you're supposed to feel. But I don't think so."



Gene Mauch

Piccard Wins Cup Super-Giant

Compiled by Our Staff From Dispatches

BEAVER CREEK, Colorado — Franck Piccard of France duplicated his Olympic success Sunday, winning a men's World Cup super-giant slalom by 22-hundredths of a second over the circuit's dominant super-G skier, West German Markus Wasmeier.

Piccard, the super-G gold medalist at the Olympics, blew past Wasmeier with a run of 1 minute, 45.97 seconds over a 41-gate course.

Wasmeier, who had won four of the 10 super-Gs held over the past three seasons, placed second in 1:46.19, and Marc Girardelli of Luxembourg was third in 1:46.25.

It was Girardelli's third consecutive third-place finish here after finishing in the same position in downhill on Friday and Saturday.

Switzerland's Pirmin Zurbriggen, the overall cup leader, rebounded from poor downhill results to finish fourth in 2:46.26. But

Italy's Alberto Tomba, second to Zurbriggen in the overall, kept the pressure on, finishing fifth in 2:46.42. Zurbriggen gained 12 points and Tomba added 11, leaving them with 236 and 224 points, respectively.

Austrian Leonhard Stock was sixth in 1:46.69, and Swiss veteran Peter Müller, winner of Saturday's downhill, was seventh in 1:46.99.

Müller, on the circuit for 11 years and at 30 well past the age when most racers retire, started sixth Saturday. He said he knew when he was on the course that he was skiing faster than anyone before him. "I saw the tracks of the others off the jumps," he said, "and I was landing longer than them. I knew I was faster." He won in 2:25.75.

He described his performance as "a really great run" and said he had skied perfectly on the same course Friday to finish fifth.

That downhill, a makeup of race weathered out last week in Canada, was won by another Swiss, Franz Heinzer, in 2:29.32. Christophe Pic of France was second, best career finish, in 2:29.73.

On Saturday, Michela Figini of Switzerland secured her hold on the women's downhill title by winning a race in Rosslund, Sweden, Columbia.

The triumph virtually assures Figini the cup downhill title going into the season's final race at Innsbruck, Austria, at the end of the month. Figini has 143 points, leading Oeri by 24. Oeri could win the title only if she finished first at Saalbach and Figini did not finish in the top 15.

Oeri and Figini also are in close race for the overall title, with Oeri ahead by three points.

A women's super-giant slalom was scheduled for Sunday at Rosslund.

(UPI, AP)

WORLD STOCKS IN REVIEW / Via Agence France-Press

Amsterdam

Amsterdam stock prices rose slightly last week, supported by a fairly firm Wall Street and dollar. The ANP-CBS general index finished the week at 241.1, up from 238.0 the previous Friday.

Investors showed signs of new confidence in the market, reflected in rising volume.

On Monday, prices opened fractionally lower because of a slightly weaker dollar. Internationals led the slight losses, with the exception of Philips NV, which gained 0.50 guilders to 27.80 on news that the company was considering joining forces with Carlo de Benedetti in the battle for Société Générale de Belgique.

Philips remained the center of interest on Thursday, gaining 0.50 to 29.50. On Friday, prices fell back moderately.

Paris

A sharp drop in share prices on Friday led to a loss on the Paris Bourse for the week.

The CAC index finished the week at 294.8, against 298.0 the previous Friday, though it had closed at 301.0 on Thursday.

Observers said the market was still extremely nervous. One analyst said that "Paris does not amount to much for an investor in New York or Tokyo, and if they fear uncertainty, they get out."

Analysts said the coming weeks are likely to be "agitated," with political factors outweighing economic considerations.

Frankfurt

Prices on the Frankfurt stock market rose slightly last week in cautious trading. The Commerzbank index finished the week at 1,392, up 3.3 from the previous Friday.

Volume on the eight West German stock exchanges was 10.67 billion Deutsche marks, down from 12.08 billion the previous week.

The auto sector was irregular, BMW losing 6.50 DM and VW 12.50, while Daimler added 5.50. In electricals, AEG jumped 12 DM, and in the department store sector, Herten moved up 14 DM.

Singapore

The Singapore stock market scored moderate gains during a week of uneven trading. The Straits Times Industrial Index finished the week at 940.56 points, a gain of 19.96.

Turnover for the week was high at 135.20 million units, valued at 250.7 million Singapore dollars. The most active stock was NOL, with turnover of 13.7 million shares, followed by NOL TSR 1993 with 11.01 million units, and Sime Darby with 7.6 million.

Share prices rose sharply in midweek before falling Friday on uncertainty over the future of the United Malays National Organization, the major partner in Malaysia's coalition government.

Hong Kong

Prices on the Hong Kong Stock Exchange rose further last week, with the Hang Seng Index breaking through 2,500 points.

The index closed Friday at 2,595.45, its highest since the October collapse, and 123.07 points up from the previous week. The broader-based Hong Kong Index gained 78.46 points to 1,697.72.

Dealers said the rise, centering on blue chips, was caused by similar increases on overseas exchanges and better market sentiment, with many leading companies expected to report good results for 1987 shortly.

Tokyo

Share prices suffered their first setback in seven weeks on the Tokyo Stock Exchange last week in heavy trading.

The Nikkei stock average closed Friday at 25,543.73 yen, down a moderate 83.84 yen from the previous week. The market was closed Saturday. The average for 225 selected issues had gained 342.70 yen the week before.

Despite the week's fall, analysts said there were no adverse factors in sight. The dollar was stabilizing at around 128 yen and foreign and institutional investors were seen shifting their funds to stock markets from short-term money markets.

One analyst said he expected that foreigners would continue buying Japanese stocks, helping to lift the Nikkei average to Oct. 14's all-time high of 26,646.43 yen sometime this month.

London

Prices on the London Stock Exchange moved down last week, mainly because of the pound's rise past the 3 Deutsche mark barrier.

The Financial Times 30-share index finished the week 28.8 points lower at 1,449.9.

The absence of intervention by the Bank of England to halt the pound's rise was taken as a sign that the government had relaxed its monetary policy, dealers said.

The rise, which is a threat to export competitiveness, worried markets all the more after a statement at the beginning of the week by Prime Minister Margaret Thatcher that lower interest rates to halt the advance in the pound would be inflationary and against government policy.

Hence the market fell back, with export-oriented shares, such as ICI and Glaxo, recording the largest losses.

Zurich

Share prices were irregular in Zurich last week. The Credit Suisse index finished at 458.4, down from 463.5 the previous Friday, while the Swiss Bank Corp. indicator closed at 516.1, almost unchanged from 516.4.

Analysts said investors were worried about the dollar, which had fallen to 1.37 on Friday from 1.40 Swiss francs at the end of the previous week. Volume was substantial.

In banking, Union Bank of Switzerland gained 45 to 3,320 francs, while Credit Suisse was off 40 to 2,540. Insurances were also irregular, with Swiss Reinsurance Co. bearer losing 675 to 13,700 and Zürich Insurance Co. bearer tacking on 125 to finish at 5,800.

Milan

The Milan stock market was in an optimistic mood last week. The Comit index rose to 506.87 from 489.39 the previous Friday.

Dealers said volume was good. The upward trend was led by Carlo de Benedetti's holding company, CIR, which gained 5.89 percent on

DENNIS THE MENACE



"I KNOW! LET'S BOIL ALL THESE CRAYONS AND MAKE PAINT!"

WEATHER

EUROPE		ASIA	
C	F	C	F
Aberdeen	41	5	41
Amsterdam	45	5	41
Algeria	15	59	15
Bahia	15	59	15
Berlin	3	47	3
Brussels	8	46	8
Buenos Aires	15	59	15
Canton	15	59	15
Cebu	24	75	24
Dallas	9	48	9
Detroit	12	54	12
Frankfurt	12	54	12
Geneva	2	36	2
Helsinki	1	34	1
Los Angeles	15	59	15
Lisbon	16	61	16
London	10	50	10
Madrid	16	61	16
Moscow	10	50	10
Mumbai	24	75	24
Nice	1	34	1
Oahu	15	59	15
Paris	10	50	10
Perth	15	59	15
Prague	1	34	1
Riyadh	15	59	15
Sao Paulo	15	59	15
Stockholm	10	50	10
Sydney	15	59	15
Taipei	15	59	15
Tokyo	15	59	15
Vancouver	15	59	15
Vienna	4	39	4
Zurich	4	39	4

MONDAY'S FORECAST — CHANNEL: Rough. FRANKFURT: Overcast. Terms: 4-11P-31. LONDON: Sunny. Terms: 11-3 15Z-11. MADRID: Cloudy. Terms: 14-2 15Z-31. NEW YORK: Partly cloudy. Terms: 7-11 4Z-21. PARIS: Overcast. Terms: 10-1 15Z-41. ROME: Partly cloudy. Terms: 15-7 13Z-41. TEL AVIV: Not available. ZURICH: Overcast. Terms: 5-2 11Z-21. SAN FRANCISCO: Partly cloudy. Terms: 20-2 11Z-21. SYDNEY: Partly cloudy. Terms: 20-2 11Z-21. MANILA: Sunny. Terms: 20-2 11Z-21. SINGAPORE: Partly cloudy. Terms: 15-1 15Z-31. THUNDERSTORM: Terms: 21-25 19Z-71. TOKYO: Rain. Terms: 14-2 15Z-41.

PEANUTS



BLONDIE



BEETLE BAILEY



ANDY CAPP



WIZARD OF ID



REX MORGAN



GARFIELD



CHIVAS
What word best describes it?

SPORTS

Wyoming Keeps Crown in WAC

The Associated Press
PROVO, Utah — Eric Leckner scored 22 points, including four late in the game, to lead 14th-ranked Wyoming to a 79-75 victory over Texas-El Paso here Saturday for the Cowboys' second straight Western Athletic Conference tournament title.

Unwanted Child Grows Up, Loved by All

By Malcolm Moran
New York Times Service
NEW YORK — We'll hear about The Road to Kansas City until we've memorized every turn. Late Sunday, the selection and seeding of the 64 basketball teams for the 50th National Collegiate Athletic Association tournament, a process that once consisted of a few telephone calls, was again to be presented live on U.S. network television.

Florida's Ronnie Montgomery, in full swing, and Alec Kessler went to Round 2 after a collision four minutes into Saturday's game. Both were ejected; Georgia won the SEC semifinal, 72-70.

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Fay, Cup Defenders Remain at Odds

The Associated Press
AUCKLAND, New Zealand — New Zealand syndicate head Michael Fay on Sunday criticized the San Diego Yacht Club's refusal to stage a multinational America's Cup challenge.

SCOREBOARD

Table with columns for U.S. College Results, Basketball, and National Basketball Association Standings. Includes scores for various teams like Duke, North Carolina, and Kansas.

World Cup Skiing

Table with columns for Men's Downhills, Men's Slalom, and Men's Giant Slalom. Lists names of skiers and their times.

European Soccer

Table with columns for West German First Division, English First Division, Italian First Division, and Spanish First Division. Lists teams and scores.

Transition

Table with columns for Baseball, Hockey, and Exhibition Baseball. Lists teams and scores.

Advertisement for Seiko watches, featuring the Seiko logo and text: 'FEATURED SOLIST — Jon Sanders acknowledged a cheering welcome Sunday when he sailed into Fremantle, Australia, after completing his record-setting third single-handed circumnavigation of the globe.'

Let's Return to the Point

By William Safire

WASHINGTON — High up in the scenery of language, in his lair among old mental sets, lurks the Phantom of the Phrases...

In Act 2 of "The Phantom of the Opera," the hit musical drama by Andrew Lloyd Webber and Charles Hart now on Broadway, the Phantom enters disguised as Don Juan and sings a song titled "The Point of No Return..."

The novel on which the musical is based was written in 1911. Point of no return is an aviation phrase and came into use long after the era of the Phantom or any of his terrified friends...

The first figurative use of the phrase is in Eric Hodgins's 1946 novel "Mr. Blandings Builds His Dream House," in which the author wrote of the delight of living in old age in a rented apartment...

The colorful, doom-laden phrase now means "the critical moment or point in a course of action at which commitment has become irrevocable..."

Learned students of the economics dodge — once called "political arithmetic" — have reviewed these tomes (named for the British banker Robert Harry Inglis Palgrave; priced at \$650) in terms of substance and ideas...

Not in the golden rule what it seems to most outsiders. To Bible readers, this is "Do unto others as you would have them do unto you," and to political

hatchetmen, it has been changed to "Do unto others before they do it unto you." In economics, it is golden rule of capital accumulation, which, according to the new Palgrave, "states that the steady growth rate that gives the maximum path of consumption..."

Not light stuff, but try this other anchor: *Beggar-my-neighbor*. Joan Robinson, one of the most lively female economists who make it big in a dictionary (she's the coiner of *bastard Keynesianism*), defense of Lord Keynes from those who would do or bastardize the meanings in his murky words wrote "Beggar-My-Neighbor Remedies for Unemployment" in 1937. This is a description of an policies during the Depression, under which one party would try to improve its lot at the expense of others.

Beggar-my-neighbor was a children's card game in the 1700s; the earliest written citation is in 17 applied to adults: "The Lawyers play at *Beggar-My-Neighbor*." It's often used in association with "zero-sum," the economics game at which nobody wins except at the expense of somebody else.

There's a *flip-flopper* over here, charged Michael Dukakis, pointing to Richard Gephardt, adding "I'm not a flip-flopper or back-flopper." Although Massachusetts governor unnecessarily introduced back-flopper as a new word, it's in which the unfortunate lands on his back, also called a back-whopper, *oppe* of a belly-whopper — the Dukakis use of *flip-flop* was vintage American political vituperation.

A century ago, a politician was called "the flip flopper" by an alternative opponent, and the word used in its reduplicative form to mean "somersault." George Lorimer in 1902: "When a fellow's turn flip-flops up among the clouds, he's naturally going like the farmers gapping at him."

Ridicule is one of the central goals of reduplication (which is a redundant word, but I can't fight a battle). The grammarian Randolph Quirk has shown that the technique can be used to imitate sounds (plop, hah-hah), to intensify (teem, teem-teem), to signify alternation (zigzag, seasaw), or to disparage (mug jumbo, wishy-washy, higgledy-piggledy — and now, flip).

Just as one man's consistency is another man's rigidity, one man's flip-flopping is another man's agility to grow when circumstances change. That's what Richard Nixon told me one day in 1971 — "circumstances change" — and I was assigned to write speech closing the gold window, putting on a box tax, stepping on wage and price controls — all in a was remarked as the most stunning flip-flop of year.

Where does flip come from? The word was originally *filip*, the curl of the thumb against the index finger building the pressure to project a coin into the air. Now a *flip* means "a snap of the finger," a campaign adieu flip their lids at charges of flip-flop.

New York Times Syndicate

The Rising Star of Anne Sinclair

International Herald Tribune PARIS — Glossy posters, plangent slogans, photo opportunities and political rallies that might have been staged by David Bowie; the consensus is that the coming French presidential election will be short on issues and long on media effects.

Already voters have seen Raymond Barre in a rather hairy brown jacket which, everyone agreed, changed his image and made him *très relax*; they have already approved Jean-Marie Le Pen's new backwashed hairdo.

MARY BLUME which gives him an intimation of a forehead; and they have seen a manfully chummy Jacques Chirac endorsed in ads by such figures as Paul Bocuse and Gregory Peck. "J'admire cet homme," Mr. Peck explained in the headline.

Like semiologists, voters have studied the slogan "Génération Mitterrand" and they have agreed, with the Paris daily *Liberation*, that the election will be for the first time decided on television.

Two of the top TV showcases for candidates and party leaders are "Sept sur Sept," a Sunday night recap of the week's news commented on by a distinguished guest, and "Questions à Dominique," in which the subject unavailingly invites the camera into his or her home. Both programs are on the recently privatized TF1 and both are chaired by French television's personality of the moment, the sharp and relentlessly affable Anne Sinclair.

"One must be modest," Sinclair said in her office. "It's not me, it's the show. It's that for the first time television is so important and so people want to be on shows that have the highest ratings and peak viewing time." Her shows have both.

Before Prime Minister Jacques Chirac went on "Questions à Dominique" on March 6, Le Monde stated that Chirac counted on the program to quicken his campaign. Next day his appearance was counted a success. Ratings were a high 30 percent and Chirac came off well.

"He's made progress," Anne Sinclair says. "He's less aggressive. One thing about him that I sympathize is that when he is cross he shows it. Politicians' moods don't bother me as long as I can do my job."

In eight days last month Anne Sinclair had a total of four hours of air time with three programs on Barre (it was for her that he wore his hairy brown jacket), the Socialist party chief Lionel Jospin and the former minister of culture Jack Lang. This month she will do even more: four programs within eight days, one of them — with luck and persistence — François Mitterrand's first program after announcing his candidacy.

"And after that, the rest come," she says. During the actual campaign she will concentrate on interviewing cultural and intellectual figures, having already done so the politicians.

"It's hard for me, I'm not someone who just goes on camera. I do a lot of work," she says. She worries slightly about overexposure — "people get tired of you if you are seen too much" — although she consistently comes high in polls, having been voted woman of the year in 1986 and No. 9 on a recent poll of French Men and Women Who Count.

This Woman Who Counts is good looking and smart, known for her fuzzy pullovers from Anny Blatt or Missoni and the smile with which she ends each question, no matter how sharp. She is complaisant in the sense that she gives her subjects ample room in which to navigate, and sometimes drown, and she is totally assured, having done her homework and knowing that a male guest who is rude to her will dent his image with the viewing public.

"Questions à Dominique" is partnered by Jean-Marie Colombani from Le Monde, but the star is unquestionably Anne Sinclair. She dislikes the word star and knows how quickly a star can fade. She looks on herself as a journalist, a profession that began to intrigue her during the Algerian war, when she was 10. She worked in radio, at Europe 1, where she met her husband, the broadcaster Ivan Levai (they have two small sons who are allowed only 30 minutes of TV per night, and early on in her TV career she turned down the plum job of anchorwoman on the evening news to be with her children.

"Also, I thought it would be more satisfying to build up a product oneself rather than be the locomotive of a train heading toward the station. And I would not have been in charge. It's interesting to be the editor in chief of your news show and not just the mouthpiece."

She took degrees in political science and administrative law. "I always liked public affairs in the Latin sense of the *res publica*," Pierre Mendès France gave me the taste for it.

She met the former prime minister at the end of the 1960s and wrote for his newsletter. "Above all I got to be with him, to know him, to love him. He gave me the taste for public service, for civics and morality. He didn't give me a taste to go into politics — which I wouldn't have liked — but to observe and analyze it. Journalism gives me a chance to see and to understand, to be the link, the mediator, between the citizen and the event."

Anne Sinclair was born in New York in 1948, her family having sought refuge there from the Nazis (they returned to France when she was three). She has been attacked by the Far Right for being Jewish and her "Questions à Dominique" interview with the National Front leader Jean-Marie Le Pen was painfully crisp.

"To question him was an effort, which is not how I feel with other politicians because I like politicians. In France they are of exceptional caliber. I think in comparison with other countries, the United States for example, we have a formidable *classe politique*."

"Here it is a tradition, I think in the United States it is thought more noble to be an intellectual or a researcher or a successful businessman. Respectful perhaps of the politician's mobility or cowardly by the fact that until privatization French television was in the hands of the reigning government, French TV journalists have tended to be meek.



French TV's Sinclair: "Politicians' moods don't bother me."

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"American journalists don't try to have. There is much more democracy at play — the politician explains himself, lets himself be pushed around, the same is much more real. In France the government in power runs the news and it has taken a long time to break free."

If government pressure has gone, it has been replaced by pressure from the ratings.

"That's something you are used to in America and that I don't take to well. We must avoid being reduced to a system that judges us only in the present. Television people have no past and no one cares about their future. The only thing that matters is that they be immediately cost effective. That's horrible."

In June Anne Sinclair will drop "Questions à Dominique" to return in the fall with a new, undetermined format. She intends to fight if necessary to remain in prime time.

People like a show if it's good. They don't like it if it isn't. The roof is that we ended the Chirac program with a record-breaking audience."

After her broadcasts, Anne Sinclair sits around and chats with her guests over a drink (the only exception was the Le Pen program where she was gone five minutes later). "It's a really good moment, a relief, it's like after a test at school." Her best post-show memory was early in her career on a public affairs program with tiny ratings and such distinguished guests as Pierre Mendès France. One of the other guests that she remembers was a young student who asked Mendès France why did you not stay in power and bring us to power with you.

"I remember that after everything had left, Mendès stayed and talked to that boy for a good quarter of an hour explaining that he had always told the truth to the country, 'the truth as I saw it, even if it upset people or shocked them, and I always did it for the good of the country and not for the good of my career."

And all that to convince one young man of TV. That's what I liked about Mendès — the force of argument — it was useless and no one was listening, the conviction, the sincerity, the rigor, the morality. There isn't another one who would do that. Not one."

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